

SKILLS DIALOGUES: LISTENING TO EMPLOYERS

12

An Assessment of Skills Needs in the Clothing, Textiles, Footwear and Leather and Furniture, Furnishings and Interiors Industries

**A comprehensive summary of skills requirements in the
Clothing, Textiles, Footwear and Leather and
Furniture, Furnishings and Interiors industries**

Research undertaken by:

Miranda Pye

Pye Tait Limited

9, Royal Parade

Harrogate

HG1 2SZ

Tel: 01423-509433

Fax: 01423-509502

email: info@pyetait.com

web: www.pyetait.com

Acknowledgements

The authors would like to thank the many people who helped in the compilation of this report by offering comments or supplying information. This includes the staff from Skillfast-UK for clothing, textiles, footwear and leather, FFINTO (now part of the Process and Manufacturing Sector Skills Council) and Neill Schofield of Schofield Associates who acted as facilitator.

Any views expressed in this report are those of the authors and not necessarily the views of all those involved in the Dialogue process.

Contents

FOREWORD	8
SKILLS DIALOGUES - GENERAL INFORMATION	10
EXECUTIVE SUMMARY	11
KEY MESSAGES FROM ALL INDUSTRIES IN THIS DIALOGUE	17
1. INTRODUCTION	19
2. AN OVERVIEW OF THE CLOTHING, TEXTILES AND FOOTWEAR INDUSTRIES	20
2.1 Key facts	20
2.2 Scope of the sectors	20
2.3 Contribution to the UK's gross domestic product (GDP)	21
2.4 Businesses within the sectors	22
2.5 Employment within the sectors	23
2.6 Workforce demographics	25
2.7 Economic position	27
3. AN OVERVIEW OF THE FURNITURE, FURNISHINGS AND INTERIORS INDUSTRY	32
3.1 Key facts	32
3.2 Scope of the sector	32
3.3 Ownership & control	32
3.4 Contribution to the UK'S gross domestic product (GDP)	33
3.5 Businesses within the sector	33
3.6 Employment within the sector	34
3.7 Workforce demographics	34
3.8 Economic position	35
4. THE DEMAND AND SUPPLY FOR SKILLS IN THE CLOTHING, TEXTILES AND FOOTWEAR INDUSTRIES	37
4.1 Key facts	37
4.2 Employment change in the sectors	37
4.3 Employment change in the regions	41
4.4 Occupational change	42
4.5 Skills needed within the sectors	43

4.6 Future skills needs	45
4.7 Skills gaps	47
4.8 Skills shortages	52
4.9 Vacancies	52
4.10 The extent and reason for recruitment difficulties	54
4.11 Supply of skills	57
4.12 Education and training	58
Key Messages From Employers	59
5. THE DEMAND AND SUPPLY FOR SKILLS IN THE FURNITURE, FURNISHINGS AND INTERIORS INDUSTRY	61
5.1 Key facts	61
5.2 Employment change in the sector	61
5.3 Employment in the regions	62
5.4 Occupational change	63
5.5 Skills needed within the sector	65
5.6 Future skills needs	65
5.7 Skills gaps	66
5.8 Skills shortages	68
5.9 Vacancies	68
5.10 The extent and reasons for recruitment difficulties	71
5.11 Skills supply	72
5.12 Education and training	73
Key Messages From Employers	74
6. A SUMMARY OF SKILLS ISSUES FOR ALL INDUSTRIES	76
6.1 Key facts	76
6.2 The implications of recruitment difficulties	77
ANNEXES	78
1 - Sector & occupational definitions	78
2 - Methodology	80
3 - References & data sources	82
4 - Glossary	83

List of Figures

Figure 1	UK Clothing, Textiles and Footwear imports and exports by commodity in £ million	21
Figure 2	Trade Performance - Exports as a % of Imports	22
Figure 3	Employment by Industry in the UK (thousands) 1992-2002	24
Figure 4	Age distribution of employees and the self-employed in the Clothing and Textiles industries	26
Figure 5	Comparative Age Profiles	27
Figure 6	Output by industry in the UK 1992-2002 (millions)	30
Figure 7	Output by industry in the UK 1971-2010 (millions)	30
Figure 8	Output by industry 2003-2010 (millions)	31
Figure 9	UK Furniture, furnishings and interiors imports and exports by commodity in £ million	33
Figure 10	Employment by gender in the Furniture related workforce	34
Figure 11	Age distribution of employees and the self-employed in the Furniture, furnishings and interiors industry	35
Figure 12	Employment change in the Clothing and Textiles sectors 1971-2010	38
Figure 13	Changes in self-employment and part-time employment in the Clothing and Textiles sectors 1971-2010	39
Figure 14	Changes in male and female full time employment in the Clothing and Textiles sectors 1971-2010	40
Figure 15	Employment change in the Clothing and Leather, Footwear and Textile sectors in the last 12 months	40
Figure 16	Employment trends in the regions for the Clothing and Textiles industries 1971-2010 (thousands)	41
Figure 17	Occupational change in the Clothing and Leather industry 1981-2010	42
Figure 18	Occupational change in the Textile Industry 1981-2010	43
Figure 19	Percentage of firms with skills needs increasing by occupational area	43
Figure 20	Percentage of firms with skills needs increasing by sizeband	44
Figure 21	Future skills needs in the Textiles sector (next 2-3 years)	45
Figure 22	Occupations with skills gaps in the Clothing and Footwear sectors (where over half or fewer staff are fully proficient)	48
Figure 23	Occupations with skills gaps in the Textiles sector (where over half or fewer staff are fully proficient)	49
Figure 24	Skills lacking across all occupations in the Clothing and Footwear sectors	49

Figure 25	Skills lacking across all occupations in the Textile sector	50
Figure 26	Hard to fill vacancies by occupation in the Clothing, Footwear and Textiles sectors	53
Figure 27	Skill-related vacancies in the Clothing, Footwear and Textiles sectors	54
Figure 28	Reasons for Recruitment Difficulties in the Clothing and Footwear sectors	55
Figure 29	Reasons for Recruitment Difficulties in the Textiles Industry	56
Figure 30	Highest qualification level held by industry sectors	57
Figure 31	Highest qualifications of the sectors compared to the national average	58
Figure 32	Employment change in the Furniture, Furnishings and Interiors sector in the last 12 months	61
Figure 33	A Comparison of regional spread between the Furniture and Textiles Industries (%)	63
Figure 34	Occupational change in the Manufacturing industry 1981-2010	64
Figure 35	Future skills needs in the Furniture, Furnishings and Interiors industry (next 2-3 years)	65
Figure 36	Occupations with skills gaps in the Furniture, Furnishings and Interiors sector (where over half or fewer staff are fully proficient)	67
Figure 37	Skills lacking across all occupations in the Furniture, Furnishings and Interiors sector	68
Figure 38	Vacancies by occupation in the Furniture, Furnishings and Interiors sector	69
Figure 39	Hard to fill vacancies by occupation in the Furniture, Furnishings and Interiors sector	70
Figure 40	Skill related hard to fill vacancies by occupation in the Furniture, Furnishings and Interiors sector	70
Figure 41	Reasons for recruitment difficulties in the Furniture, Furnishings and Interiors sector	71
Figure 42	Employer responses to recruitment difficulties in the Furniture, Furnishings and Interiors sector	72
Figure 43	Participation in off the job training	73

List of Tables

Table 1	Ownership & Control (%)	21
Table 2	Turnover by industry and by size bands (%)	23
Table 3	Employment change across the Textiles sector over the past year	24
Table 4	Anticipated Future Sales (% change over next 12 months)	31
Table 5	Future Skill Needs	46
Table 6	Internal skills gaps	47
Table 7	Barriers to Proficiency	50
Table 8	Reasons for lack of proficiency	51
Table 9	The extent of recruitment difficulties	54
Table 10	Vacancies and hard to fill vacancies by region	55
Table 11	Off-the-job training (%)	59
Table 12	Geographical Spread of the Furniture, Furnishings & Interiors Industry (by numbers of companies)	62
Table 13	Skills Gaps by Occupation	66
Table 14	Hard to fill Vacancies in the Furniture Industry	71
Table 15	Educational/Assessment Centres for Furniture, Furnishings and Interiors	74

Foreword

We have pleasure in presenting this Skills Dialogue report to our respective industries which is the outcome of a working partnership over the last twelve months.

During this period, developments have taken place in the structure of sectoral skills organisations in response to the Government call for industry to take action in order to meet sector skills and productivity challenges.

As a result, the furniture, furnishings and interiors industry represented by the former national training organisation FFINTO, is now part of the emerging Process and Manufacturing Sector Skills Council. Whilst the clothing, textiles, footwear and leathers goods industries have formed Skillfast-UK, which has been awarded Trailblazer Sector Skills Council status, building on the work formerly undertaken by CAPITB Trust, FLNTO and NTT.

Sector Skills Councils have been given a licence by Government to: reduce skills gaps and shortages, improve productivity through specific strategic actions; increase development opportunities across the workforce and create a demand led learning supply. This Skills Dialogue provides a starting point for the Sector Skills Councils to work with industry and vital stakeholders to ensure that investment in skills brings the necessary business returns for companies and provides lifelong learning opportunities for those wishing to be, or already employed, in these important industries.

Increasing globalisation continues to bring new and tough challenges to the industries involved in the Skills Dialogue. There is a relentless pressure for them to adapt and modernise in order to remain competitive. There is no doubt that the clothing, textiles and footwear industries are emerging in the twenty-first century as leaner, more flexible industries.

These industries stretch from designer fashion, through high productivity suppliers to a wide range of successful technical textile companies. "Quick response" and "fast turn" have become fields in which UK manufacturers have learned to excel. Branded goods are managing a resurgence in home and international markets. Despite having suffered major job losses, particularly in the area of machine operatives, the combined industries provide £16.5 billion GDP to the UK economy.

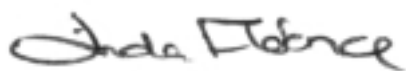
The furniture industry - a highly important sector contributing over £6bn to our GDP - could also be facing, in the near future, the same challenges that the clothing, textiles and footwear industries have faced. In the case of this industry there is still time to ensure that it does not neglect recruitment and training in its efforts to cope with competition from overseas.

There is clearly change in the furniture, furnishings and interiors industry too, and this is being driven by the market which includes domestic and office furniture requirements. There is evidence of increased sophistication and a shift towards greater design input. The demand for highly skilled joiners, cabinet makers and upholsterers remains a significant factor in the skills strategy for this industry.

Manufacturing is a vital element in our economy. As a whole it creates 1 in 7 jobs for our workforce and contributes significantly to GDP. Some 60% of UK exports derive from manufactured goods. Without a manufacturing base in this country the economy would come under severe pressure in terms of exchange and interest rates as well as from increased unemployment and retraining costs. The effects on our retailing sector would also be profound.

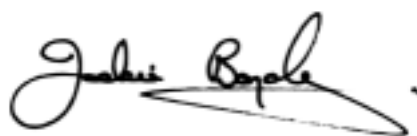
It is, therefore, essential that Employers, Government and its Agencies work together to address the skills needs which have been highlighted through the Skills Dialogue process.

Yours sincerely



Linda Florance

Chief Executive
Skillfast-UK



Jackie Bazeley

Chief Executive
Furniture, Furnishings & Interiors NTO

Skills Dialogues - General Information

Skills Dialogues constitute a series of consultations with all major industrial and business sectors, leading to the production of high quality authoritative skills assessments for each of these broad sectors. Dialogues developed from recommendations in the 2nd Report of the Skills Task Force, *Delivering skills for all*, as a means of providing better quality information on changes in skills supply and demand at a sectoral level. They draw on research undertaken by National Training Organisations (NTOs)¹ through Skills Foresight and other projects as well as a wide range of national research on current and future skills needs.

Recognising the UK remit that NTOs enjoyed, the dialogue reports reflect the UK perspective as far as possible, although not all the available evidence, which underpins the dialogues is UK wide. Typically, the reports do not provide a region-by-region analysis but they do attempt to illustrate any major regional differences. The Skills Dialogues operate as a rolling biennial programme with the first eight reports already published and the rest of the series due to appear by summer 2002.

The purpose of the dialogues is to improve the quality of skills information available at a sector level, and to provide an effective voice for Sector Skills Councils and employers in the planning and implementation of education and training provision and in informing careers advice and guidance. They will ensure that industry sector views¹ are well articulated and represented to major stakeholders, such as the Learning and Skills Council (LSC) and its local arms, Regional Development Agencies (RDAs), as well as the emerging Sector Skills Councils (SSCs) and Careers Services. The dialogues are designed to draw on the work undertaken by the former individual NTOs in specific sectors but to cover broader industrial groupings, so as to aid strategic planning and make the information base more manageable.

The assessments produced through the dialogues should also directly contribute to Sector Workforce Development Plans, as the evidence on skill needs will underpin proposed action and influence the nature of relationships with key partners. These plans will form a strategic statement of the proposed activities, relationships with partners and stakeholders, and targets for achievement of the new and emerging SSCs.

Each report results from a process of consultation with the main organisations in the sector to identify the key issues, and a wide-ranging analysis of existing material on skills supply and demand, and factors influencing skill trends. The evidence includes sector specific analysis from the recent national research conducted on behalf of the Department of Education and Skills including the Employer Skills Survey (ESS) and Projections of Employment and Qualifications by the Institute for Employment Research as well as the individual sector's own Skills Foresight research. The material is brought together into a draft discussion document for regionally based seminars, which involve all the key interests in the sector, such as employers, SSCs (or their predecessor NTOs), Further and Higher Education planning, funding and qualifications' bodies, trade unions, professional associations and government departments.

The final report takes on board the comments from all those involved in the Dialogue and provides a comprehensive analysis of the skills needs and an authoritative statement about skills trends in the sector. We hope they will be useful to policy makers and planners in other parts of the United Kingdom.

¹ National Training Organisations (NTOs) ceased to receive Government recognition in March 2002 and are currently in the process of being replaced by a structure of Sector Skills Councils. There will be fewer of these latter organisations than there were NTOs and they will be expected to act at a more strategic level.

Executive Summary

These four sectors account for a very substantial proportion of UK manufacturing output, totalling more than £23bn per year. They have undergone a difficult and, at times, traumatic transformation over the past twenty or thirty years under the twin impacts of overseas competition and technological change.

The unavoidable transition from labour to capital intensive production has been fraught with developmental problems. Labour forces in all of the sub-sectors have declined significantly and import-penetration into the domestic market has been severe. However, against this background, the sectors have retrenched and changed. Although reduced in numbers, the workforce has become more skilled. The capital ration has increased as new technology has been introduced and a distinct move towards higher-cost, higher quality items is now discernable.

The older markets for high-volume, low cost clothing, textiles and footwear, have been taken over by overseas, low-cost producers. In their place, UK manufacturers have embraced newer opportunities for technical textiles, designer-wear, branded footwear and clothing, high-quality dyeing and finishing, and other high value niche markets. In contrast, whilst not facing the same issues as yet as the other three industries, there are signs to suggest the same fate awaits the furniture industry unless it becomes increasingly proactive.

This process has seen all of the sectors become more competitive but further improvements in competitiveness are clearly required. In order to ensure that the sectors continue to pursue this skills-led competitiveness strategy, they will need to further enhance skills - particularly management, marketing, and technical skills.

This dialogue is designed to identify the key areas for skills development and to highlight supply and demand issues. By recording the results of the dialogue between all interested parties, it is intended to underpin a consensus which, in turn, will create a more competitive and prosperous future.

The report has been structured so that the clothing, textiles and footwear industries are represented together, and separate sections on furniture, furnishings and interiors industries follow. This reflects the recent changes with the new and emerging Sector Skills Councils which replace the former national training organisations.

The clothing, textiles and footwear industries formerly represented by the NTOs CAPITB Trust, NTT0 and FLNTO respectively are now represented by one Sector Skills Council - **Skillfast-UK**.

Similarly, the furniture, furnishings and interiors industry, formerly represented by FFINTO, is now part of the emerging **Process and Manufacturing Sector Skills Council** along with other manufacturing industries.

It is important to note that, when 'the clothing industry' is mentioned in the report, this also includes the 'allied industries'. Where there are common messages across the two groups these are highlighted in the dialogue.

The Clothing, Textiles and Footwear Industries

Scope of the sectors

The UK clothing industry manufactures a wide range of garments ranging from high fashion to branded clothing.

A wide range of products, including woollen and worsted spinning and weaving, knitted fabrics; knitwear and carpets are produced by the textile industry.

The footwear industry incorporates four distinct market sectors; footwear manufacturing, leather goods manufacturing, leather production and shoe repair.

The clothing and textiles industries contribute approximately £7bn each annually to the UK's GDP. The footwear industry adds a further £2bn per year.

There is a preponderance of small and medium sized businesses (SMEs) across all three sectors.

Employment

The clothing, textiles and footwear industries employ around 319,000 people in approximately 11,700 firms across the UK.

In some parts of the country the clothing, textiles and footwear industries are the main if not the sole form of manufacturing industry. The textiles and footwear industries are concentrated in key regional clusters. For footwear this is primarily in Northamptonshire and Leicestershire, and to a lesser extent in the North West.

The textiles industry on the other hand, is clustered in key regions of which the top four by number of businesses are North West, Yorkshire and Humber, Scotland and East Midlands.

In the past 10 years employment in the largest two of the three sectors - clothing and textiles - has fallen gradually year-on-year, specifically for part-time staff and will continue to do so according to future projections.

The industries experienced a dramatic decline in employment in the North West region, with projections showing that the number of plant and machine operatives will continue to decrease.

The three industries employ a high proportion of females in production and operative roles. In comparison, males tend to be employed in high-level roles, particularly in management, supervisory and technical occupations.

All three sectors have major concerns over the ageing workforce, for example, 84% of the textiles workforce are aged between 25 and 50 years old.

Change

These industries have experienced a number of forces for change including:

- ◉ branding and effective marketing that have enabled the creation of whole markets out of minute sub-sectors of these industries;
- ◉ a move away from independent retailers toward large retailers and supermarkets such as Marks & Spencer, British Home Stores, Littlewoods, Tesco, ASDA, etc;
- ◉ significant import infiltration and the introduction of new technologies;
- ◉ overseas price competition;
- ◉ a lack of skilled staff affecting all industries, but particularly the footwear industry.

DEMAND FOR SKILLS

There is an increasing skills need for apprentices/trainees particularly from the clothing industry.

Increasing use of technology is creating a need for improved technical and IT skills for both the existing workforce and future recruits - particularly in the textile industry.

The footwear industry is adversely affected by the ever-increasing need to improve skills for management and technical specialists. Around 64% of managers reported not having the relevant skills to accomplish their jobs effectively.

The need to enhance advanced IT/software skills is viewed by all three industries as vital for the future.

Clothing and footwear industries have high numbers of vacancies in production and process operative roles.

Skills gaps

Skills gaps are said to exist when employers recognise that their existing workforce has a lower level of skills than is necessary to meet business objectives.

All three industries experience wide skills gaps; mainly in managerial, clerical and plant and machine operative roles.

Of great concern to clothing employers are skills gaps such as:

- ▶ team building skills;
- ▶ computer literacy skills.

The footwear industry suffers from a lack of:

- ▶ communication skills;
- ▶ customer handling skills (most relevant to footwear repair).

For the textile industry employers say their staff lack technical skills in particular.

Skills shortages

Skills shortages are said to exist where there is a lack of adequately skilled and/or qualified individuals available in the accessible labour market.

Recruitment difficulties can be symptomatic of skills shortages, but they may also reflect, or be compounded by, uncompetitive working conditions or ineffective recruitment practices.

The majority of hard to fill vacancies are due to a lack of available skilled people in the labour pool.

Half of all hard-to-fill vacancies in these industries are "skills related".

Skills shortages reported by the industries consist of:

- ▶ technical skills (all three industries);
- ▶ communication skills;
- ▶ problem solving (textiles).

These problems have considerable consequences on business in terms of customer service, new products, sales, and the introduction of new working practices.

All of the industries have undertaken initiatives to overcome these problems including:

- increases in the amount of training being undertaken;
- increases in advertising for vacancies;
- substituting labour with technology;
- redefining existing job roles.

SUPPLY OF SKILLS

Clothing and footwear industries are less likely to use off-the-job training, while in comparison; textile industry employers provide 35% of their employees with off-the-job training.

There is a propensity for companies across all three industries to provide off-the-job training to staff when they have skill shortages and skills gaps.

The Furniture, Furnishings and Interior Industry

Scope of the sector

The furniture industry is responsible for the manufacture of furniture, production of soft furnishings and furniture restoration.

The industry as a whole contributes nearly £6bn to the UK's gross domestic product and employs 161,000 people in 15,320 companies.

When taking into account other overlapping sectors such as caravan interior fitting the industry overall employs some 302,000 in 20,000 companies.

The industry consists largely of small businesses, of which 75% provide work for nine or less staff, many of which are family-run businesses.

A significant number of organisations that combine small-scale manufacture with retailing exist within the furnishings sector.

There is increasing polarisation between mass-produced manufacturing, which has high requirements for technology, and higher quality niche markets such as the restoration market requiring handcraft skills.

Employment

The industry employs a high proportion of males, accounting for 73% of the workforce.

Employees tend to be employed in production of furniture (68%) with the remaining employees being employed in management (13%) or specialist roles (18%).

Employment in the sector has remained fairly stable over the past twenty years although there is a gradual decline in employment in some regions, such as the North West, London and Scotland.

Change

Significant change within the sector has included:

- increases in sales of beds/bedding, kitchens and upholstered furniture but this is subject to fluctuations in the economy;
- a growing appeal of home improvements;
- growth in imported furniture from Far East and Eastern Europe;
- varied usage of new technologies by manufacturers;
- strong future requirement for sound environmental practice;
- increase in the need for a multi-skilled workforce;
- an increase for design (traditionally, skills bought-in) will figure even more in the future.

DEMAND FOR SKILLS

Employers in the industry have reported the need for advanced IT skills for managers and specialists including technical skills.

The industry is characterised by small and medium sized businesses run by skilled craftsmen many of whom are beginning to recognise a need to improve their managerial, marketing and financial skills.

The industry has experienced high numbers of hard-to-fill vacancies in production and process operatives, including craft and related roles. The main hard-to-fill vacancies are reported to be in upholstery (45%).

15

Skills gaps

Skills gaps exist when an existing workforce has a lower level of skills than is necessary to meet business objectives.

There is scope for considerable development in business management skills in this industry.

Employers are concerned particularly with a perceived lack of problem-solving skills and IT skills as well as communication, computer aided design and craft skills.

Skills Shortages

Skills shortages are said to exist where there is a lack of adequately skilled and/or qualified individuals available in the accessible labour market.

Crucial skills shortages exist in the following areas:

- technical skills;
- communication skills;
- team working skills;
- upholstering skills;
- sewing-machining skills.

Employers within the industry reported recruitment difficulties mainly in production and craft occupations. The primary reason for these difficulties is a lack of applicants with relevant skills.

These problems have a major impact on customer service objectives and have resulted in a rise in operating costs.

Employers acknowledge the need for greater abilities in basic skills. This is in addition to other skills required such as management/sales and specific sector skills such as kitchen and garden furniture manufacture.

SUPPLY OF SKILLS

Some 30% of employers provide off-the-job training to their staff.

Approximately 47% of managers within the industry possess qualifications relevant to their job-role.

Generally, only a small proportion of firms in the industry possess definite training strategies and many have varying attitudes to training.

There is poor provision, UK-wide, of training facilities. Increasingly college provision for this industry is losing out to training for other more popular, less resource-intensive, industries.

Combined with the accelerating loss of traditional training places and the lack of facilities for trainees to get workplace experience it is predicted that the industry will be gravely affected in a few years by the worsening lack of skilled people.

There is an increasing skills need for wood machinists and upholsterers but there is potential for much greater take up of the Foundation and Advanced Modern Apprenticeships.

A Summary of Skills Issues for all Industries

In view of changing workforce demographics, basic skills issues and the need to cope with and make best use of an older workforce the industries face many challenges.

Employers are clear in their requirements:

- ▶ Assistance with promoting manufacturing to schools and careers. This requires an understanding of manufacturing by teachers and advisers.
- ▶ Recognition of the economic importance of the sectors. The industries together are a significant employer and in some regions are the sole manufacturing employment base.
- ▶ Employers request that funding regimes and initiatives are streamlined with removal of age restrictions (England) and made available and accessible to all.
- ▶ Assurance that employers can get access to training in the form that they want - which includes technical and craft skills.
- ▶ The small businesses in the industries want to be able to access learning that meets their particular business needs and is appropriate for their business activities.
- ▶ Funding is required to help ensure an adequate supply of vocational assessors in the industries.

Key Messages from all industries in this Dialogue

<ul style="list-style-type: none"> Use the diverse nature of the industries as a recruitment marketing tool - careers range from specialised craftsmanship to advanced technical skills 	SSCs
<ul style="list-style-type: none"> Make use of brand names to advertise and promote the industry, for example - Speedo, Adidas, Silent Night, etc 	SSCs
<ul style="list-style-type: none"> The industries need to exploit National Occupation Standards to their full effect in order to generate more support from the government 	SSCs
<ul style="list-style-type: none"> SSCs should work closely with employers in developing employer, demand-led training centres (clusters), based within a local company, which would act as a focal point for businesses in the surrounding areas. This could facilitate employer network groups in order to influence local and national funding and decision making bodies 	SSCs, LSCs & RDAs
<ul style="list-style-type: none"> The SSCs should also help businesses with the development of ways to encourage a learning culture - away from the traditional image of "training" 	SSCs & LSCs
<ul style="list-style-type: none"> A step change in government thinking/attitude towards manufacturing industries should be promoted. A strong case can be made for an equivalent set of funding for these industries as was available by the government to assist the Rover/ Task Group recently after the withdrawal of BMW 	TAs & TUs, SSCs, RDAs,
<ul style="list-style-type: none"> Small businesses tend not to have a business plan and should be encouraged to incorporate business planning as part of their training process 	TAs & TUs, SSCs, RDAs, Business Links
<ul style="list-style-type: none"> Trade associations and trades unions might make use of their size and influence to encourage the media to improve the image of the industries through TV programmes/videos, etc 	TAs & TUs & SSCs
<ul style="list-style-type: none"> Employers should consider making use, where possible, of Trade Unions and their access to the Union Learning Fund, in order to increase participation of those in the workforce who need help with basic skills 	TAs & TUs & SSCs
<ul style="list-style-type: none"> The industries need to consider how they might work together to present a united voice to government on employment matters which are not directly related to education and training. Examples might include recruitment, image etc 	TAs & TUs
<ul style="list-style-type: none"> There should be less bureaucracy in government funding systems. Those systems should be amended in order to allow much more flexible access to learning in terms of both the size of the learning being undertaken, and of the age at which it is begun 	LSCs
<ul style="list-style-type: none"> Support for manufacturing in education and further education should be forthcoming UK-wide regardless of regional concentration of industry 	LSCs, SSCs & RDAs
<ul style="list-style-type: none"> Government bodies should acknowledge that small businesses can provide work-based training opportunities through (regional) clusters and co-operatives 	LSCs, SSCs & RDAs

▶ Smaller, but vital manufacturing sectors such as these should be given an effective voice at the regional level	LSCs, SSCs & RDAs
▶ Consider the case for vocational education and review the success of pilots in using the GNVQ in Manufacturing (Furniture)	SSCs, Careers Advisers & Connexions & Schools/Colleges
▶ Promote manufacturing as a whole in school - liaise with teachers and arrange school visits, educate parents about manufacturing. Use CD ROMs and videos (one example a video used by Education Business Partnerships)	LSCs, SSCs, RDAs, Careers Advisers & Connexions & Schools/Colleges
▶ A process of change should be initiated in attitudes towards 'craft' activities in order to promote the high-value, niche manufacturing and exporting sectors	SSCs, RDAs, TAs & TUs, Business Link, LSC, Careers Advisers & Connexions, Schools/Colleges

1. Introduction

This Dialogue report has been researched and developed at the same time as the new Sector Skills Councils are being created and set up to replace the former National Training Organisations (NTOs).

The clothing, textiles and footwear industries, formerly represented by the NTOs CAPITB Trust, NTTO and FLNTO respectively, are now represented by one Sector Skills Council - **Skillfast-UK**.

Similarly, the furniture, furnishings and interiors industry, formerly represented by FFINTO, is now part of the emerging **Process and Manufacturing Sector Skills Council** along with other manufacturing industries.

In order to reflect this situation the report has been structured so that each section is split. The clothing, textiles and footwear industries are represented together, whilst the furniture, furnishings and interiors industries are detailed separately. Where there are common messages across these two groups these are highlighted in the report.

A discussion of the definitions of the sub-sectors is contained in Annex 1 where details on SIC and SOC codes are also provided. It is important to note that all four industries cover a wide spectrum of sub-sectors but to help the reader we use the shorter phrase such as clothing industry or furniture, furnishings and interiors industry.

A description of the research methodology has been provided in Annex 2.

2. An Overview of the Clothing, Textiles and Footwear industries

2.1 Key Facts

- ▶ The clothing, textiles and footwear industries employ around 319,000 in total across the UK and contributes in total over £16bn to GDP²
- ▶ Employment and output in the industries are still in decline but the rate of decline is much slower than it was and there is some evidence of stabilisation
- ▶ Although subject to long-term decline there is increasing evidence of more stability in employment and more optimism in economic terms
- ▶ The industries have around 11,000 companies between them, a very large proportion of which are small businesses or micro-companies (i.e having less than ten staff)
- ▶ These industries employ a high proportion of female employees and there is evidence that all three industries have an ageing workforce
- ▶ Overseas price competition has been a major factor in the decline of these industries since 1960 although technology and increased sophistication in production have combined to reduce the impact in recent years
- ▶ The industries that are emerging from this long term decline are ones that have capitalised on the need to be flexible, provide innovation, quality and good design along with effective use of technology

2.2 Scope of the sectors

The UK clothing industry produces a wide variety of attire, ranging from high fashion to work apparel, including branded clothing. The industry incorporates other companies that manufacture allied products such as car airbags, tents, hats, etc.

The sector has undergone significant change over the past twenty years³ - one major change being the emergence of strong brands and the increased utilisation of offshore production.

The textile industry in the UK is also responsible for a wide range of products, the main ones being woollen and worsted spinning and weaving, knitted fabrics, knitwear and carpet production.⁴

The footwear industry can be regarded as four distinct market sectors that encompass footwear manufacturing, leather goods manufacturing, leather production and shoe repair. The manufacturing base for the sector as a whole has been declining since the 1960's. This has been attributed, to a large extent, to increasing imports of these products.⁵

All three industries that form this section of the Dialogue have a proportion of foreign ownership. Foreign involvement is greatest in the textiles sector with over a fifth of companies having some foreign ownership. Some 16% of the UK clothing & footwear industry is foreign owned to some extent.

² Annual Business Inquiry 2000

³ ONS data (2001) as cited in CAPITB Trust Skills Foresight 2002

⁴ ONS data (2001) as cited in NTTD Skills Foresight 2002

⁵ ONS data (2001) as cited in FLNTO Workforce Development Plan 2001

For comparison it is interesting to note that more than one in ten firms in the clothing, footwear and the furniture, furnishings and interiors sectors is entirely foreign owned.

Table 1 Ownership & Control (%)

	UK (%)	Joint UK/Foreign (%)	Foreign (%)
Clothing & Footwear	84	3	13
Textiles	79	16	5
Furniture, furnishings & interiors	88	1	11

Source: ESS 2001

NB - percentage totals may not equate to 100% due to rounding and exclusion of non-responders/don't knows

2.3 Contribution to the UK's gross domestic product (GDP)

The clothing and textiles industries contribute approximately £7bn each per year to the UK's gross domestic product. The footwear industry contributes just over £2bn to GDP per annum⁶.

Each of the constituent sectors export their products to varying extents (see below) but, except for key niche markets, experience trade deficits. Each industry relies on importing products, a trend that has increased over the years.

This is more apparent in the clothing industry where imports have grown steadily to the last reliable reporting date for which final figures are available (1999). For comparison, textile imports and exports appear to have peaked in 1995.

Figure 1 UK Clothing, Textiles and Footwear imports and exports by commodity in £ million



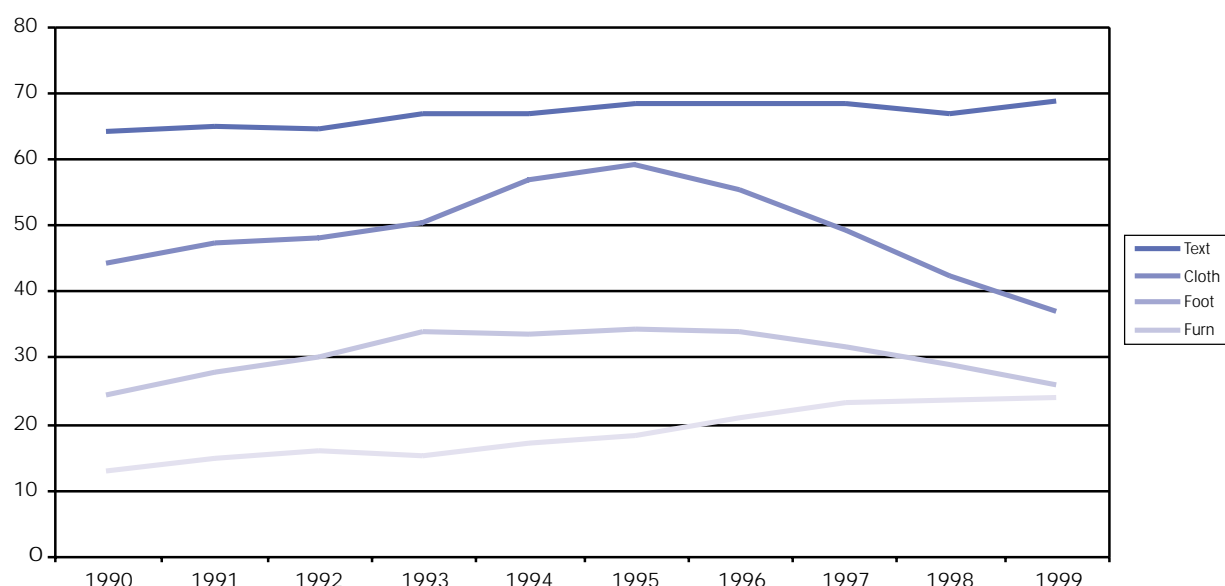
Source: Office for National Statistics; External Trade & Investment; 2000

The nominal figures do not, however, illustrate the underlying trade performance of the sub-sectors. This is shown in the following chart which depicts the export-cover of the industries. An industry which exports as much (in value terms) as it imports would show 100%, while one that exports a greater value of goods than it imports would show percentages of over 100%. In all of the sub-sectors under consideration there is a negative trade balance (ie higher imports than exports) although several are closing the gap.

Clothing, which improved its trade performance between 1990 and 1995 appears to have fallen back as exports dropped to around 37% of imports. The footwear industry has also experienced a similar decline in the ratio of exports to imports.

Textiles, however, have improved their performance over the period in question from about 64% to 68%.

Figure 2 Trade Performance - Exports as a % of Imports



Source: Office for National Statistics; External Trade & Investment; 2000

2.4 Businesses within the sectors

Size

Across all three sectors there is a predominance of small to medium sized enterprises (SMEs⁷). Ninety nine percent of companies in the clothing industry can be classified as SMEs, but the vast majority employ less than ten staff (micro businesses).

In the textile industry 64% of businesses have less than twenty-five employees with only 11% of firms employing in excess of 100 staff. Again, the vast majority of employers in the Footwear industry have nine or less employees.

⁷ Small to medium enterprises (SMEs) according to the European Union are organisations that employ 250 or less employees as full time equivalents (FTE)

Numbers

The three industries combined have a business stock that comprises around 11,685 firms. The clothing industry has an estimated 4,500 firms, the textile industry an approximate 2,880 firms and the footwear industry has around 555 manufacturing companies. There are also around 3,750 shoe repair firms⁸, the vast majority of which are owner-managed firms or micro businesses.

Table 2 Turnover by industry and by size bands (%)

Turnover	Clothing and Footwear (%)	Textiles (%)	Furniture, furnishings & interiors (%)
Less than £100k	29	45	18
£100-£249k	9	11	17
£250-£500k	10	8	11
£500k-£1m	8	4	5
£1m-£2m	5	6	4
£2m-£5m	10	3	9
£5m-£50m	9	5	5
£50m and over	0.2	0.1	0.4

Source: ESS 2001

NB - percentage totals may not equate to 100% due to rounding and exclusion of non-responders/don't knows

Structure by Size

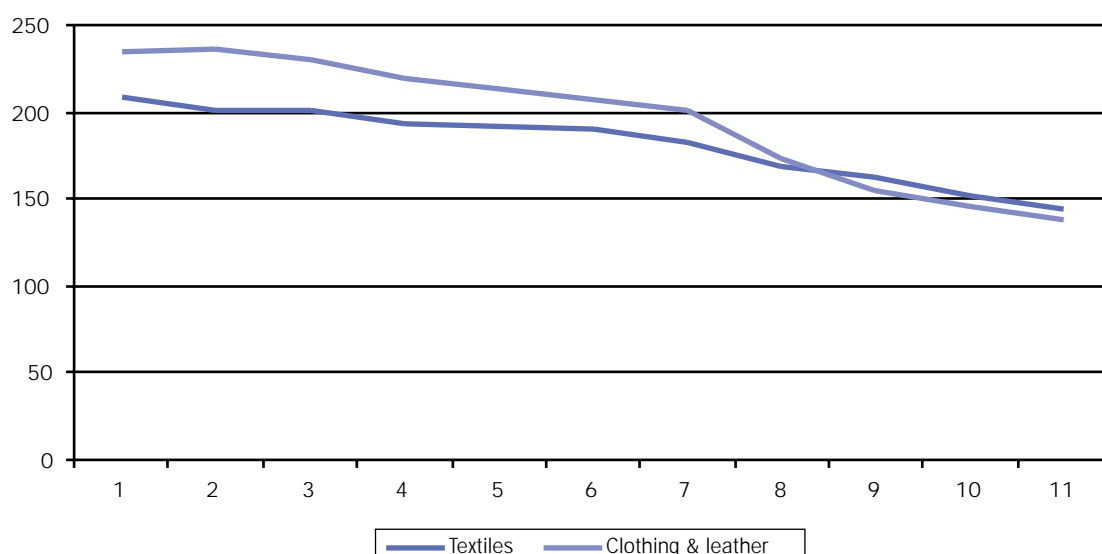
According to the Employers Skills Survey carried out in 2001 (see Annex 2 for fuller details) the textiles industry has a structure in which a high proportion of companies trade at the lower end of the financial scale.

It would seem that well over half of all textile companies attract turnovers less than a quarter of a million pounds per year (compared with 38% of clothing/footwear companies and 35% of furniture furnishings and interiors companies).

2.5 Employment within the sectors

The clothing industry employs around 140,000 people, and the textiles industry 146,000. Collectively the clothing and textiles sectors account for 6.4% of all manufacturing jobs in the UK. The footwear industry has some 33,000 employees, the majority of which are employed in shoe repair firms.

⁸ ONS data (2001) as cited in Clothing, Footwear and Textiles Skills Foresight documents, 2001

Figure 3 Employment by Industry in the UK (thousands) 1992-2002

Source: Cambridge Econometrics 2000

In the past ten years employment in the two largest sectors - clothing and textiles - has been reducing steadily year-on-year. Downsizing by the sectors' larger companies as well as introduction of new technology have been responsible for these reductions.

In the past year however, 42% of textile companies reported an increase in their employment of staff compared to only half of that proportion in the other industries that are the subjects for this Dialogue.

Table 3 Employment change across the Textiles sector over the past year

Employment change over the past year	Clothing and Footwear (%)	Textiles (%)	Furniture, furnishings & interiors (%)
Increased	22	42	21
Stayed same	63	41	69
Decreased	15	17	11

Source: ESS 2001

NB - percentage totals may not equate to 100% due to rounding and exclusion of non-responders/don't knows

2.6 Workforce Demographics

Clothing

The clothing industry has a high proportion of female employees. The percentage split is approximately 70% female and 30% male, which is the direct converse of the gender composition of the UK manufacturing sector as a whole.⁹

Within the clothing industry females tend to be employed in the production and operative roles (machinists, supervisors, pressing, etc). Men, on the other hand, predominate in managerial and technical roles (including cutting). In design roles, however, the balance has shifted over the past twenty years so that females form a larger proportion of this skilled workforce.

Part-time workers in the clothing industry account for around 16% of the workforce.

Textiles

Some 56% of employees in the Textiles industry are male. Research has indicated that men tend to be employed in management, supervisory and technical roles, whilst females tend to be employed in operative and administration posts.

Part-time workers constitute 8.5% of the overall workforce.

Footwear

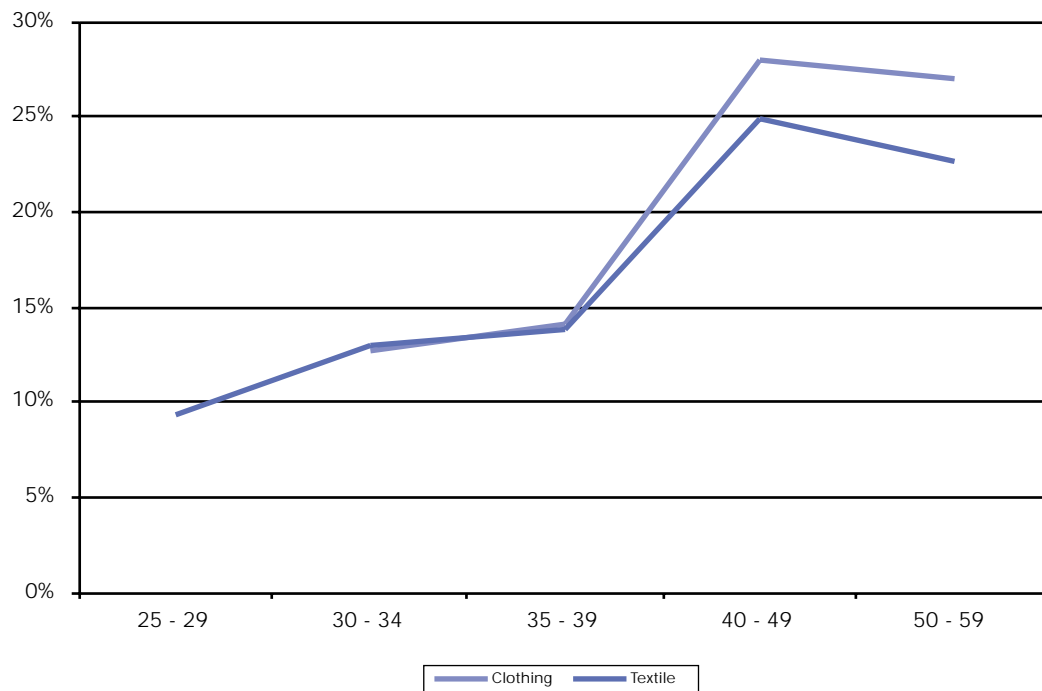
In the Footwear industry the gender split across the workforce is more evenly distributed, although specific occupations often reflect the stereotypical roles of men and women in the industry, with women tending to be employed in operative work and men in the higher level supervisory and management positions.

Figure 4 below, illustrates that the clothing and textiles industries appear to suffer from workforces whose composition is skewed towards the older age groups. Some 28% of employees in the clothing industry are aged 40 or over. Similarly, 25% of employees in textiles fall within the same age range and only 9% of employees are aged 29 or below.¹⁰

⁹ Labour Market Trends as cited in CAPITB Trust Skills Foresight 2001

¹⁰ LFS Data Winter Survey 2001

Figure 4 Age distribution of employees and the self-employed in the Clothing and Textiles industries



Source: LFS Winter 2001

In the footwear industry, 72% of employees in the industry are aged between 35 and 64 years old. The industry is said to be experiencing difficulties in recruiting young people - due in part to the negative image that the sector has amongst the younger age groups.¹¹

Figure 5 compares the age profiles of the sub-sectors under discussion to that of the UK "All Industries" workforce. It can be seen that the furniture sector appears to have a slightly younger profile, whereas the clothing and textiles industries have profiles that are, relatively, much more skewed towards the older age groups.

Figure 5 Comparative Age Profiles

Source: Labour Force Survey; Winter 2001

2.7 Economic position

Change

In all modern economies the textiles, clothing and footwear industries are a vibrant and vital part of the market mix. They form not only a significant element in the manufacturing sector (through contribution in GDP and employment terms) but are also a vital foundation for retailers, and even for the leisure and entertainment sectors.

None of these products can, any longer, be regarded as “staples”. Each has an important fashion and branded element which has virtually replaced the older role of providing basic covering and household items.

It is important to understand that this change is not merely a superficial change of role. It has extensive implications, not only for the economy as a whole, but also for the way in which companies are managed and structured. For example, design and marketing functions of clothing, textiles, and footwear companies are now absolutely fundamental to their success. Branding and effective marketing have created whole markets out of tiny sub-sectors of these industries.

A good example of this has been the creation of multi-billion dollar companies based on what used to be the simple running-shoe (known in Britain as the humble “plimsoll”). Branded marketing and excellence in design have created the now huge “trainer” market with all its well-known off-shoots. The corollary of this is that the footwear industry has suffered to some extent in that the demand for designed - ladies footwear has decreased¹².

These trends have, to a greater or lesser extent affected all three industry sectors and have resulted in both economic and structural change.

Markets

The retail markets for clothing, textiles and footwear are also changing. From the early part of the twentieth century the market experienced a strong move away from independent clothes and textiles retailers towards manufacturer-owned outlets. In some senses this was an early example of branding for clothing, textiles and shoes. Few of those manufacturer-led chains still exist - while Burton's has long since disappeared, Clark's Shoes remains one of the few examples surviving in the early years of the twenty-first century.

In the last twenty years the trend has been towards large retailers who have dominated sales of clothing, textiles and shoes. Marks and Spencer, British Home Stores and Littlewoods were the main examples. In more recent times however, even these larger retailers have suffered heavy competition at the hands of niche branded stores (eg Gap and Next) and the supermarkets, e.g. Asda with its "George" range. The Dutch retailer C&A withdrew, after many years, its presence on the UK High Street.

Technology

In terms of technologies, the increased usage of micro-electronic production technology, such as computer aided design and computer controlled cutting, has not only assisted the economics of larger companies. The trend has also meant that small firms can benefit from real cost and time savings. Computer-aided design and the flexibility of computer-controlled machinery have also helped to enhance response times and to underpin moves towards JIT (just in time) solutions.

However, it is equally important to bear in mind that, in order to meet the needs of niche markets, companies will be required to produce garments that have a significant amount of hand skills involved. In parallel, therefore, with the impacts of technology, the industries are experiencing the need (to a relatively small extent at present) for higher levels of hand skills (particularly in finishing).

At the mass-market end of the industries, the need for skills in new technologies and particularly in IT, will be the key to future success. Both ends of the spectrum therefore have huge implications for skills needs.

Clothing

The UK clothing industry can in one sense be described as being in decline.¹³ Certainly the numbers of people employed within it have been reducing steadily. However, looked at from another perspective - that of the numbers and types of companies involved in the sector - this alleged decline is much less evident. The business stock (i.e. the numbers of companies in the industry)¹⁴ has not changed dramatically in several decades, with only a slight decline in recent years.

The shift has been away from the multi-nationals or larger companies and towards small and medium sized companies. Some of the smaller businesses have grown out of those larger companies through management buy-outs, bringing with them substantial expertise and greater flexibility. There is some evidence from research conducted by the former NTO but further research would be necessary to confirm the contention that the industry has become more flexible as a result.

Textiles

The Textile industry contributes substantially to the UK economy, despite the fact that the sector is in nominal decline.¹⁵ There is a growing imbalance for the sector in terms of exports and imports, which has been accelerated by some larger companies choosing to obtain the majority of their products from overseas manufacturers.

For those companies that continue to manufacture in the UK, the maintenance of international competitiveness will depend on further investment in capital machinery and on product and process innovation.¹⁶

For others, the opportunities to manufacture abroad and to create new markets for branded goods will potentially provide increased profitability and the option for investment and expansion.

“Technical Textiles” the production of which combine the very best of technology, design and innovation for new markets hitherto unknown, is another example of the opportunities this sector has created towards increasing its competitiveness.

Footwear

The most important influence on the Footwear industry is the effect of cheap imports of leather products from overseas.¹⁷

As with the other two industries, this sector has become used over the past 50 years to a declining manufacturing base in the UK. It has declined to the point where it is approximately 1/5th of its pre1960s size.¹⁸

Both the footwear and leathergoods manufacturing industries are now concentrated in regional clusters with many firms concentrating on niche markets and high-value products.

A vital issue for the footwear and leathergoods industries is the lack of suitably skilled staff.¹⁹

Lack of skilled staff has had a particularly negative effect on the sector at a time when companies need to be prepared to adjust to a changing business environment. An environment which is seeing vast technological change and the impact of large scale IT interventions.

Factors that will have a positive impact on the future of the sector include improving the image of the industry in order to attract younger people into the sector and the availability of relevant training and funding for training.

Industry Output

The graphs which follow, illustrate industry output in three different ways - all of which are expressed in constant 1995 values.

The first shows output trends since 1992, the second, variations in output over the past thirty years and projected forward eight years. The third graph illustrates, separately, anticipated output between 2003 and 2010.

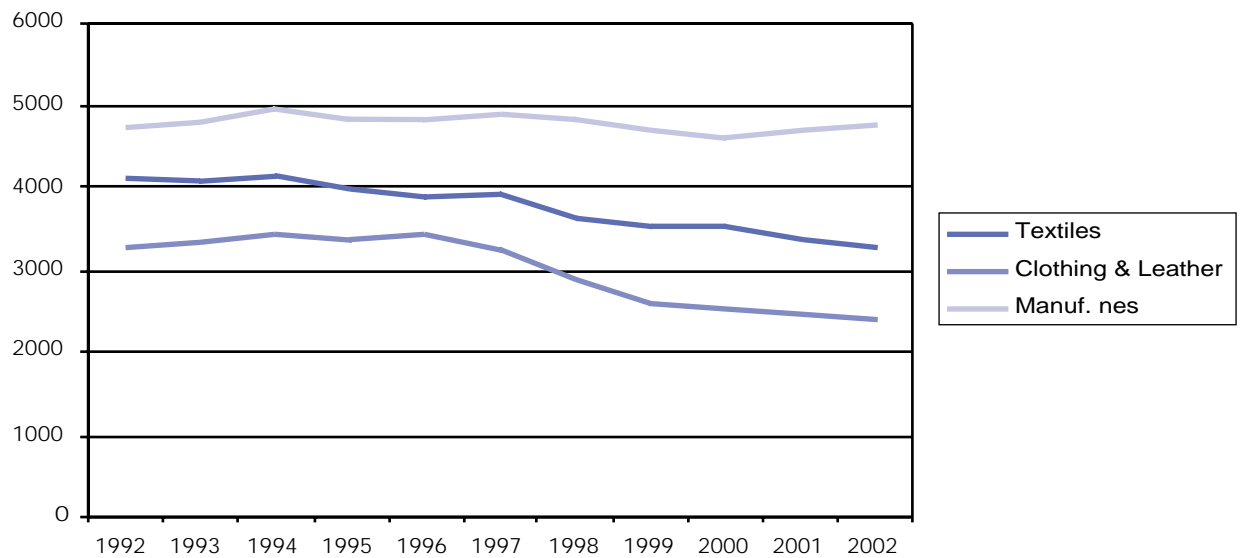
¹⁵ NTTO Skills Foresight 2002

¹⁶ NTTO Skills Foresight 2002

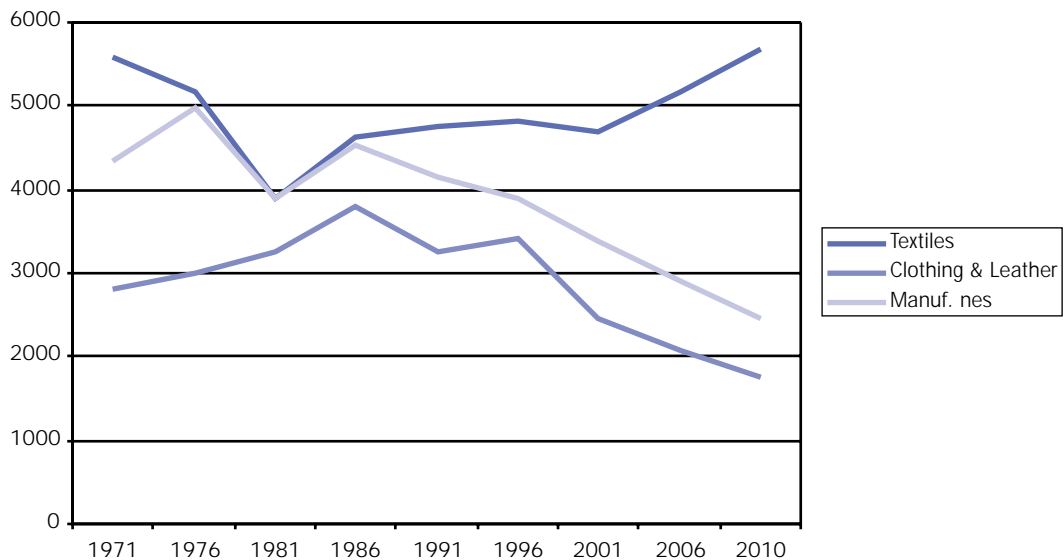
¹⁷ FLNTO Workforce Development Plan 2001

¹⁸ ibid

¹⁹ ibid

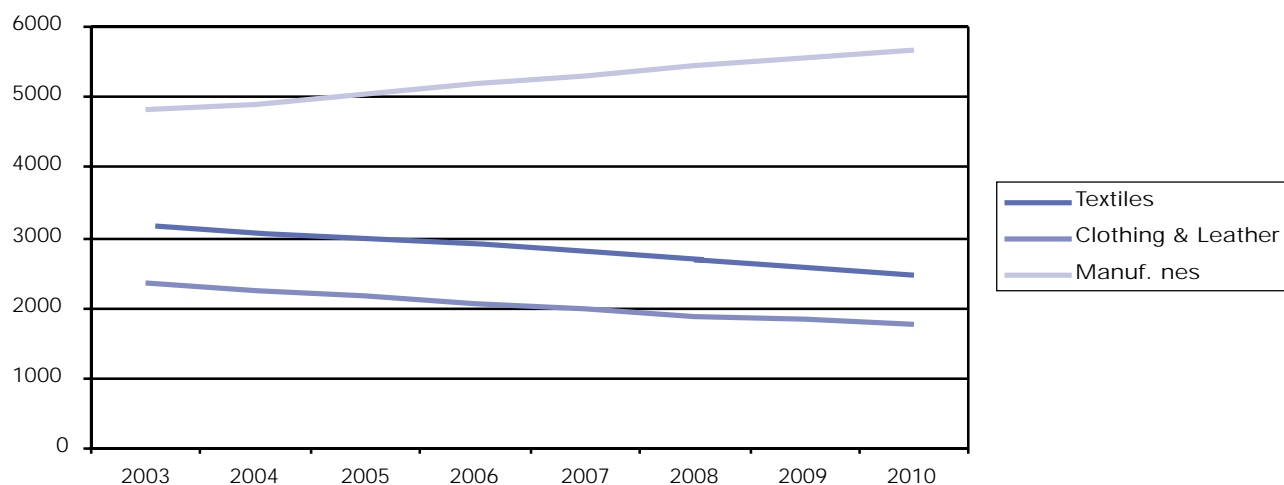
Figure 6 Output by industry in the UK 1992-2002 (Millions)

Source: Cambridge Econometrics 2000

Figure 7 Output by industry in the UK 1971-2010 (Millions)

Source: Cambridge Econometrics 2000

Note: information for Furniture on Output (General Value Added) is not available in any other form, so Cambridge Econometrics have included Furniture within "Manufacturing not elsewhere specified" (nes).

Figure 8 Output by industry 2003-2010 (millions)

Source: Cambridge Econometrics 2000

Responses from employers concerning their forecasts for sales in the immediate future may appear to contradict some of the longer term predictions on output. However, it must be noted that anticipated increases in sales may be predicted in nominal, rather than real terms. In order to be confident that real increases are being predicted one should focus on larger increases.

Even with this caveat however, and certainly for the textiles and furniture, furnishings and interiors sectors, there seems to be cause for a certain amount of optimism. Around a quarter to a third of all employers in these two sectors are predicting “great increases” in sales over the forthcoming year.

Table 4 Anticipated Future Sales (% change over next 12 months)

Anticipated change	Clothing and Footwear (%)	Textiles (%)	Furniture, furnishings & interiors (%)
Increase, great deal	6	24	31
Increase, little	46	51	45
Stay same	38	20	22
Decrease, little	5	2	2
Decrease, great deal	1	0	0

Source: ESS 2001

3. An Overview of the Furniture, Furnishings and Interiors industry

3.1 Key Facts

- ▶ An important sector of the UK economy adding around £6bn to GDP.²⁰
- ▶ Approximately 161,000 people work in around 15,000 businesses in furniture, furnishings and interiors but this figure is extended to nearer 302,000 when the wider industry for furniture manufacturing and fitting is included.
- ▶ At least 75% of those businesses are micro-businesses employing 9 or less staff - many of which are family-run businesses.
- ▶ Increases in disposable income are driving an enhanced focus on design while the increased interest in DIY has driven a new market in mass-produced good quality furniture and furnishings.
- ▶ There is a reduced number of large employers and an increased number of small and medium sized businesses across all sectors of the industry.
- ▶ Very diverse industry from mass-produced furniture using high-technology to very small businesses producing hand-craft furniture with many different sub-sectors in between.

3.2 Scope of the sector

The sector is split into three main market sectors that encompass:

- ▶ domestic;
- ▶ office; and
- ▶ contract furniture and furnishings.

This covers furniture manufacture; fitted furniture manufacture; mattress manufacture; cabinet making; upholstery; soft furnishings and furniture restoration.

However, as explained further in the paragraph on businesses within the sector these broad headings hide a variety of sub-sectors, for example, there are more than eight trade associations operating in the industry, covering sub-sectors ranging from kitchen fitting to funeral furniture.

3.3 Ownership & Control

As shown in Table 1 (see page 21) it is interesting to note that more than 1 in ten firms in the furniture, furnishings and interiors sectors are entirely foreign owned, equating to some 11% of firms in the industry.

3.4 Contribution to the UK's gross domestic product (GDP)²¹

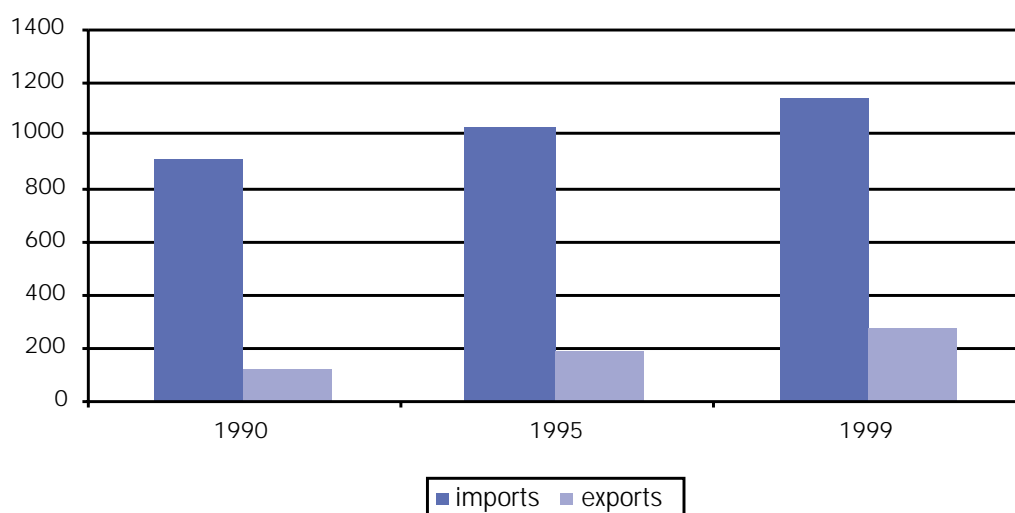
The industry's contribution to the UK economy is significant, adding £6bn of value annually and office furniture and furnishings accounts for around 20% of the total UK market for the sector.²²

The industry imports around £1bn of its products each year.²³ Moreover, the industry relies on importing, a trend that has increased steadily over the years, causing a rise in trade deficits.

Although the furniture industry does not export anywhere near the value of the goods that are imported, there is some evidence that this situation is improving steadily.

In 1990 the sub-sector exported only 12% by value of its imports. By 1999, however, this had climbed to almost 25% (see Figure 9).

Figure 9 UK Furniture, furnishings and interiors imports and exports by commodity in £ million



Source: Office for National Statistics 2000

3.5 Businesses within the sector

The sector is dominated by small businesses, with 75% of all businesses employing nine or less staff. The concentration of small businesses could be due in part to the fact that the investment costs of setting up in the sector are fairly low.

There are estimated to be 15,320 companies in the sector, which have varying numbers of employees, including family owned companies and sole traders.

²¹ All data herein are from FFINTO Skills Foresight, 2002

²² Cited in FFINTO Workforce Development Plan 2002, original source: Annual Business Inquiry 2000

²³ Office for National Statistics 2000

Unlike the clothing, textiles and footwear sector, the furniture and furnishings interiors industry is dominated by enterprises that combine small-scale manufacture with retailing, examples of which can be seen on most High Streets.

3.6 Employment within the sector

The industry employs approximately 161,000²⁴ people. There are said to be 300 organisations that account for 45% of all employees.²⁵

The figure of 161,000 significantly underestimates the true figure. The Government classification of industries (Standard Industrial Classification- SIC) code for manufacturing furniture 36.1 does not capture businesses with other wood-related production. The code 20.51 is for the manufacture of other products of wood and figures show that this covers 100,000 people.

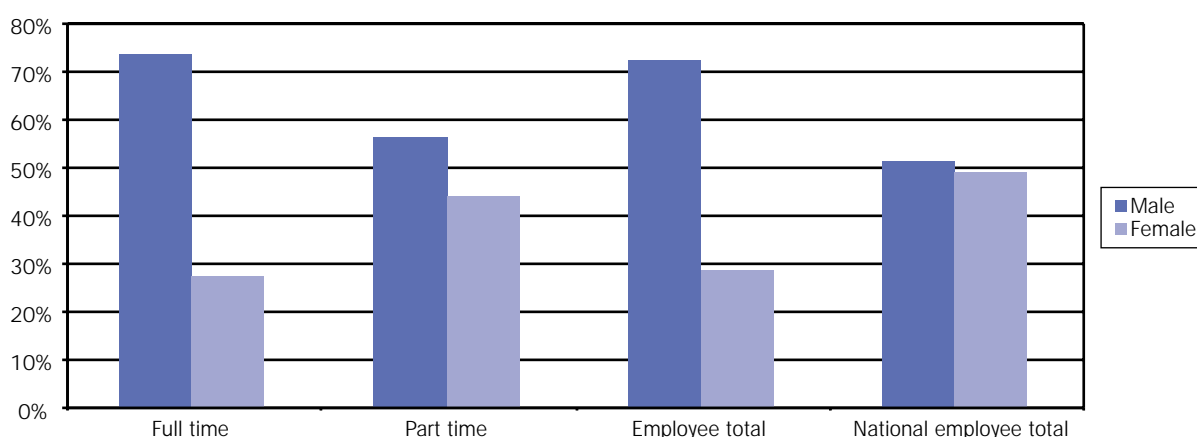
Estimates by referring to the other form of classification used by the Government - Standard Occupational Classifications (SOC) show that the total workforce may exceed 302,000. This takes into account for example, those upholsterers working in other industries such as the manufacture of automobiles, boats and ships, buses, caravans, planes and trains.

3.7 Workforce demographics

The majority of workers in the industry are male (73%). This is significantly higher than the national male workforce figure of 51%.²⁶

The gender split across full and part-time working is shown below.

Figure 10 Employment by gender in the Furniture related workforce



Source: FFINTO Workforce Development Plan 2002

24 ABI, 2001 as cited in FFINTO Skills Foresight 2002

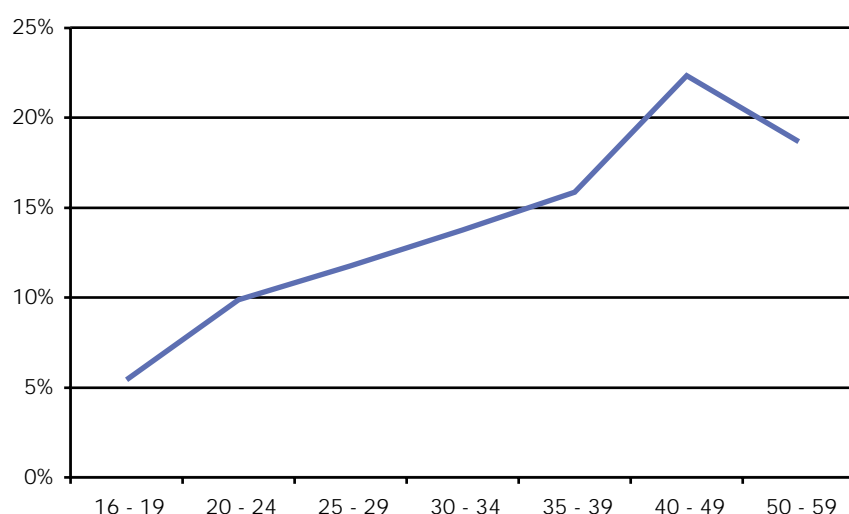
25 ibid

26 FFINTO Workforce Development Plan 2002

The highest proportion of employees within the industry are employed in the production of furniture, more than a quarter of the remaining staff assuming either management or specialist roles.²⁷

The furniture, furnishings and interiors industry reports a similar problem to the other three sectors, clothing, textiles and footwear, having an ageing workforce and difficulties recruiting young people.

Figure 11 Age distribution of employees and the self-employed in the Furniture, furnishings and interiors industry



Source: LFS Winter 2001

As can be seen from Figure 11, the Labour Force Survey shows the sub-sector as having a slightly younger than average workforce. It should be noted however that the samples for quarterly LFS studies are relatively small and that several such surveys should be interrogated in order to confirm age-profile data.

3.8 Economic position

Change

The introduction of new technology has allowed some of the larger mass-production companies (eg MFI, Christy-Tyler, Hypnos, etc.) to prosper, but there remains a strong sub-sector of smaller businesses some of which are now focussing on high-quality, hand-made furniture.

The sector is experiencing consolidation (e.g. the take-over of Ducal and Parker-Knoll by Silentnight) and, whereas the market for domestic furniture has stabilised in recent years, that for office furniture has grown steadily.

The polarisation of the sector into low-volume/high quality and high-volume/mass market products has presented it with significant skills challenges. Employers in the former market require high quality hand skills, while those in the latter tend to require more technological and IT-related skills.

Markets

Sales of domestic furniture have remained relatively stable over the last few years, although growth has been reported since 1995 in the sale of beds/bedding, kitchens and upholstered furniture.²⁸

The increasing interest in home improvements over the past few years has tended to stimulate demand for a broader range of styles. It has also increased sales of soft-furnishings - particularly through DIY outlets.

Imports are infiltrating the furniture market to a large extent - in 1999 they accounted for 35% of total sales in the UK.²⁹ There is a growing trade deficit between imports and exports with estimates showing that there was a trade gap of some £650 million in 2001.³⁰ Export markets are predominantly with the rest of Europe. Imports are from other European countries and increasingly from the Far East.

An approach to coping with cheap imports is one adopted by the likes of Multi-York which import frames and upholsters and finishes them here in the UK.

Others like Wesley-Barrell manufacture an increasingly lower proportion in this country but ensures a width of consumer choice by importing predominantly from France.

Technology versus hand craft skills

Some manufacturers adopt the use of new technologies, whilst others, such as those involved in furniture restoration or those supplying high quality niche markets use traditional hand craft techniques as their unique selling point. The introduction of new technologies will certainly reduce the need for some of the manual skills currently utilised within the sector.

Traditionally the manufacture of soft-furnishings has been a mass-production industry and most of the manufacturers are producing products at scale. Smaller businesses tend to predominate where secondary-processes are concerned - i.e. make-up of curtaining, fabric decorations and bed-covers requiring handcraft skills to some extent (see skill shortages later on in section 4). There is evidence of a growing cottage industry of micro-businesses in this sector.

Supply chain

The management of the supply-chain is an important factor for the furniture industry. Materials for the furniture industry are required from glass, paper and surface coating industries to name but a few. It is not uncommon for a 6-12 month waiting period for products to reach customers, which the industry recognises is too long and needs to be shortened to meet customer expectations.

28 FFINTO Skills Foresight 2002

29 FFINTO Workforce Development Plan 2002

30 FFINTO International Benchmarking Report, 2001

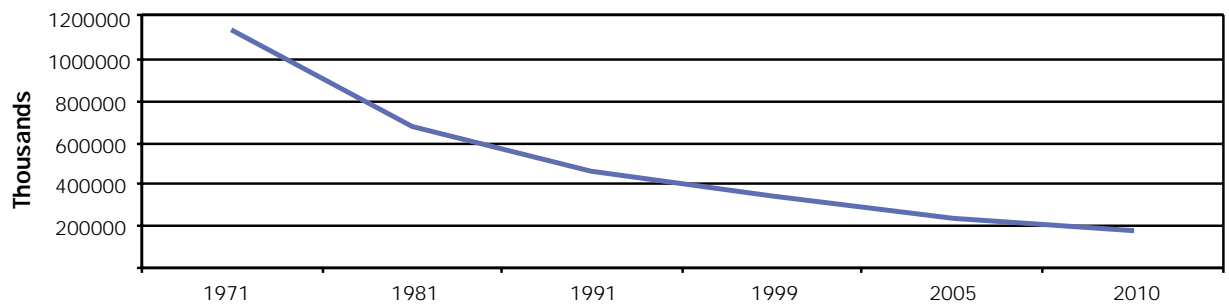
4. The Demand and Supply for Skills in the Clothing, Textiles and Footwear industries

4.1 Key facts

- ▶ These industries are all becoming highly sophisticated in their use of overseas production facilities to achieve appropriate margins and quality
- ▶ There is a consequent increasing demand for middle and higher skills with particular focus on the skill-mix required by trainees and those on Modern Apprenticeships
- ▶ Managers and technical specialists in the footwear industry require an improvement in their skills base, with 64% of managers regarded as requiring additional skills and knowledge
- ▶ Advanced IT skills will be very important across all three industries in the next 2-3 years
- ▶ The textile industry is in particular need of clerical and secretarial staff
- ▶ The majority of hard to fill vacancies are due to a lack of available skilled people in the labour pool
- ▶ Employment in the clothing and textiles sector will continue to decline according to projections
- ▶ In the clothing and footwear industries the supply of skills is more dependent on in-house training approaches than in either the textiles or the furniture industries
- ▶ Whereas 25% of employers in the clothing & footwear industries have staff undergoing off-the-job training, a much larger proportion of companies have staff undergoing other forms of development
- ▶ 35% of employers in the textile industry are providing their employees with off-the-job training
- ▶ Across the three industries however 64% of employers who have hard-to-fill vacancies are providing employees with off-the-job training

4.2 Employment change in the sectors

Employment in the clothing and textiles sectors has steadily declined since the early 1970's, when more than one million people were employed in the industries. Employee levels are forecast to continue to fall right through until 2010, at which point the workforce, across both industries is estimated to be less than 200,000 strong.

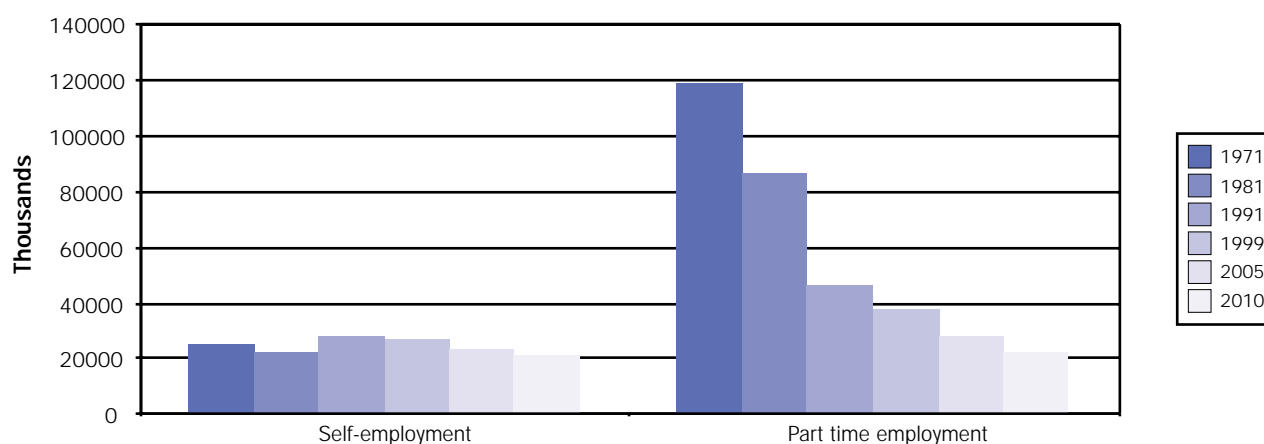
Figure 12 Employment change in the Clothing and Textiles sectors 1971-2010

Source: IER 2001

Part time employment also dropped dramatically between 1971 and 1999, falling by over 80,000. It is set to continue to fall, according to projections, leaving just over 20,000 part time workers in the clothing and textiles sector by 2010.

Self-employment in these industries has remained fairly constant over time and there are no major changes forecast to occur within the next eight years, although a pattern of steady decline is projected. There is a certain amount of anecdotal evidence to support the contention that there may be fairly significant underlying changes in self-employment, due to the reduction of such work in the textiles industry and equivalent increases in the clothing industry, in the form of small design/manufacturing enterprises. Further detailed research would be required however, before such a contention could be acted upon.

Figure 13 Changes in self-employment and part-time employment in the Clothing and Textiles sectors 1971-2010



Source: IER 2001

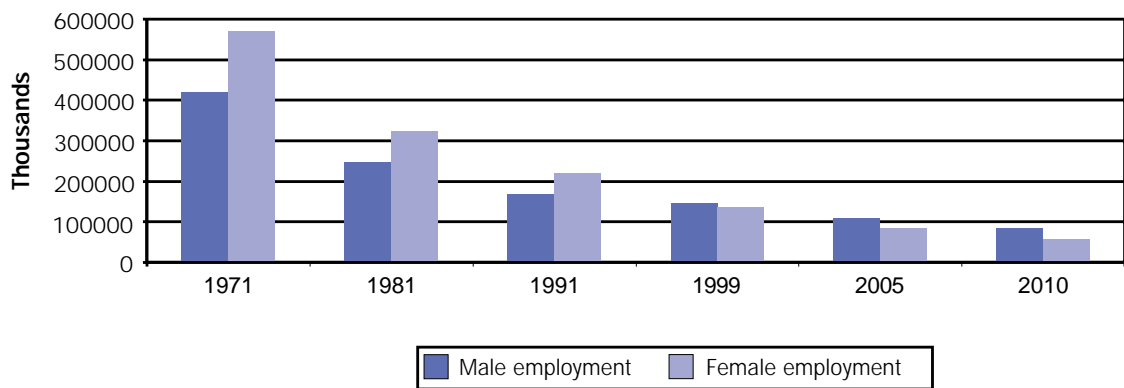
Male and female employment has declined in line with a fall in overall employment within the clothing and textiles sector. The drop in the numbers of women employed in the industries has been more dramatic; a loss of over 430,000 between 1971 and 1999, compared with a loss of 275,000 males from the sectors over the same period.

Female employees outnumbered males in the sectors until 1999. This reversed gender composition of the workforce is forecast to continue for the foreseeable future. The reason for the more-than proportional decline in the female component of the workforce is most likely to be the overall reduction in manufacturing. Machinist and operative jobs have been lost in the clothing, textiles and footwear industries while design, marketing and general management jobs have suffered less severely due to the partial transfer of production overseas.

The modern industries require a greater proportion of their workforces to be at the skilled, higher end of the workforce which has traditionally been occupied by a larger proportion of males.

This, however, may not be a permanent situation as the increase of females into higher skilled design, marketing, and personnel functions is already well recognised, and further advances into general management seem to be imminent (if these industries follow the pattern already experienced in other UK sectors).

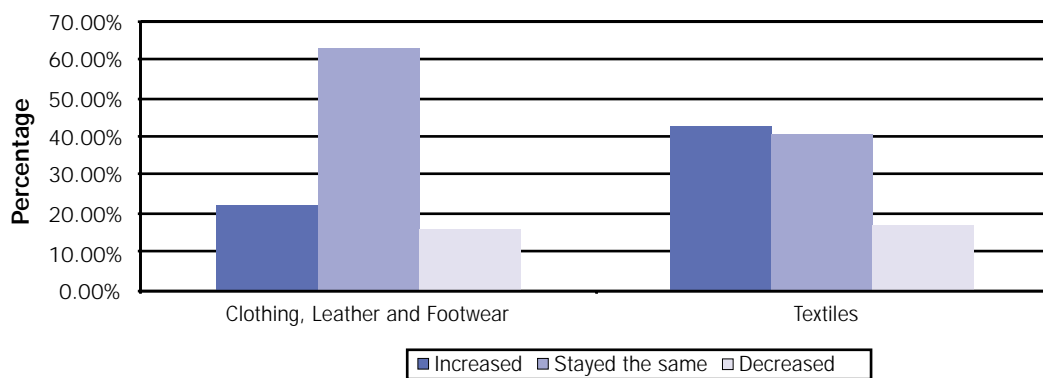
Figure 14 Changes in male and female full-time employment in the Clothing and Textiles sectors 1971-2010



Source: IER 2001

Data from the Employer Skills Survey shows that the majority of employers in the clothing, leather and footwear sectors have experienced little change in their number of employees, over the past year. Less than a quarter of employers have seen an increase in staffing levels, and only 15% a decrease.

Figure 15 Employment change in the Clothing and Leather, Footwear and Textile sectors in the last 12 months



Source: ESS 2001

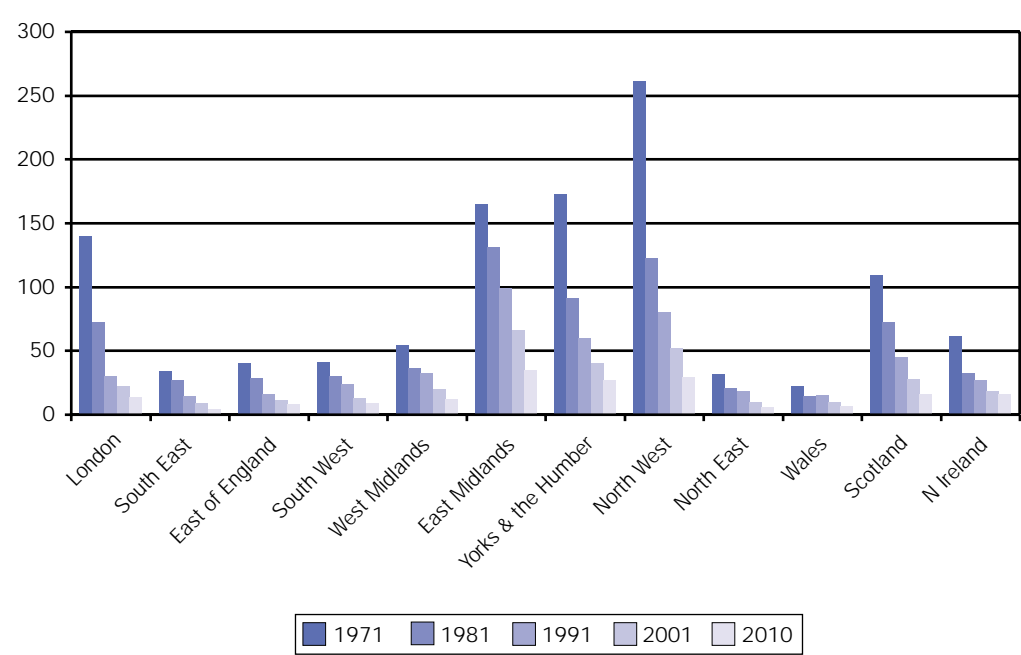
Conversely, 42% of employers in the textiles sector have experienced an increase in the number of employees over the last 12 months, in comparison to 17% of employers who report that employee levels have fallen, and 41% who report no change.

4.3 Employment change in the regions

The North West region has experienced the most significant decline in employee numbers over the period, when compared with other regions.

Traditional centres for clothing and textiles such as Yorkshire & Humberside, North West, and the East Midlands have all suffered significant reductions in employment in these industries. However, along with Scotland and Northern Ireland, these regions still have relatively large clothing and textiles sectors.

Figure 16 Employment trends in the regions for the Clothing and Textiles industries 1971-2010 (thousands)



Source: Cambridge Econometrics 2000

4.4 Occupational change

Within specific occupational groups the most significant decline has been in the number of process plant and machine operatives. Between 1981 and 1999 the numbers of this category of employee in the clothing and leather industry alone fell from just over 160,000 to just over 60,000. A reduction of over 60% of the workforce.

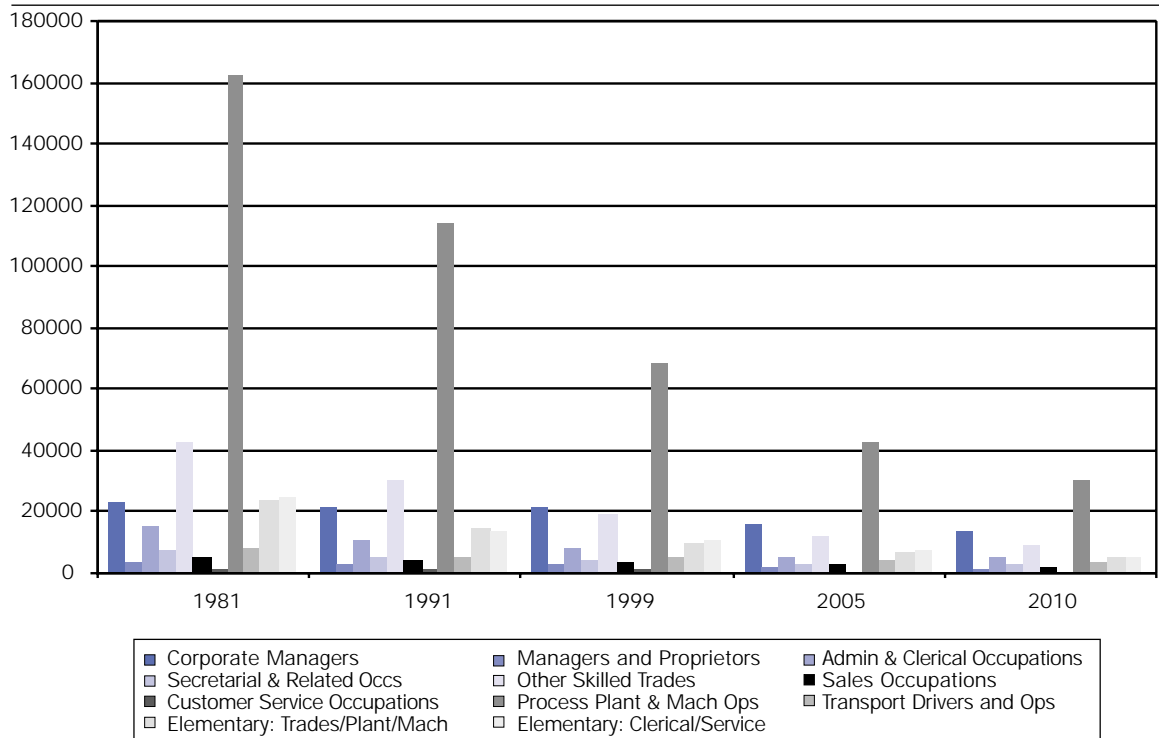
Projections show that the numbers of process plant and machine operatives will continue to decrease and there will be less than 40,000 in the clothing and leather industry by 2010 - a further reduction of 33% over an eleven-year span.

As discussed in an earlier section of this report the numbers of managers have remained relatively constant over time. However, the number of employees is set to decrease over the small to medium term.

The reason for this anomaly is probably linked to two other trends - the relative stability in the numbers of companies³¹, and the trend towards less operative staff employed in the UK but relative increases in management and technical staff.

Those operating in smaller businesses tend to have multiple job-roles (e.g. designer/sales person/manager) and it may be that these people tend to classify themselves under the management headings rather than any technical or operative role that they may also perform. A person running a small home furnishings company may design, manufacture and sell their own soft-furnishings. When required to classify themselves it is entirely likely and understandable that they would wish to be categorised as managers.

Figure 17 Occupational change in the Clothing and Leather industry 1981-2010

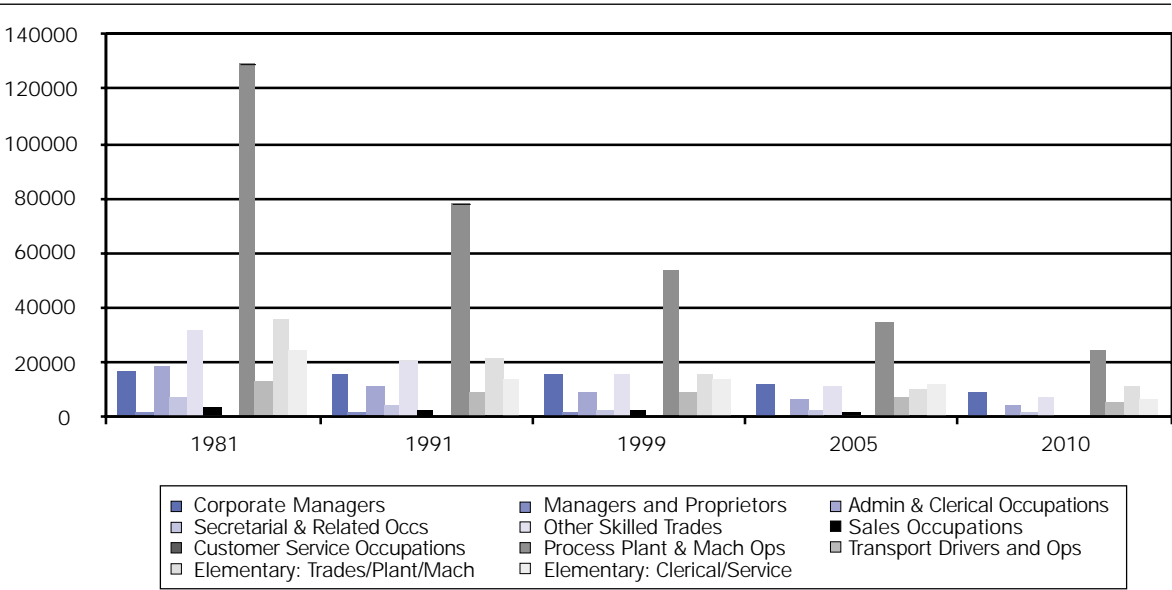


Source: IER 2001

Similarly, in the textile industry, the picture has been one of relatively sharp decline in the numbers of process plant operatives with less severe decline at the technical and managerial levels.

³¹ Probably because the numbers of large and medium sized companies leaving the market have been more than compensated for by greater numbers of smaller companies entering the market.

Figure 18 Occupational change in the Textile Industry 1981-2010



Source: IER 2001

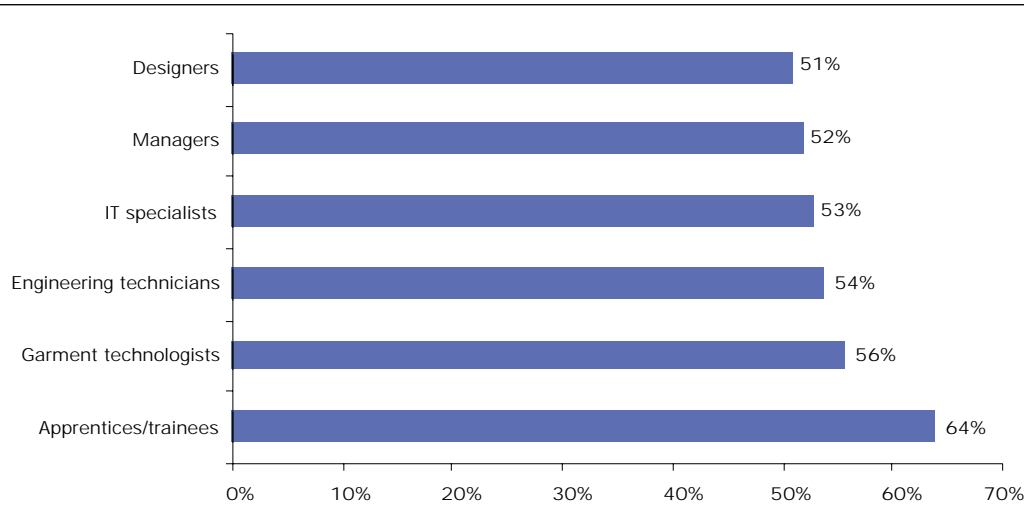
4.5 Skills needed within the sectors

Clothing

The occupational area in which the majority of companies have an increasing skills need is the apprenticeship/trainee field, thus highlighting the lack of young people entering the industry.³²

There is an increasing demand for skills within the clothing industry.³³ This demand varies across occupations and size of business as shown below. This diagram shows the percentage of companies reporting that they see skill-needs increasing in the given occupational group over the next few years.

Figure 19 Percentage of firms with skills needs increasing by occupational area



Source: CAPITB Trust Skills Foresight 2000

32 CAPITB Trust Skills Foresight 2000

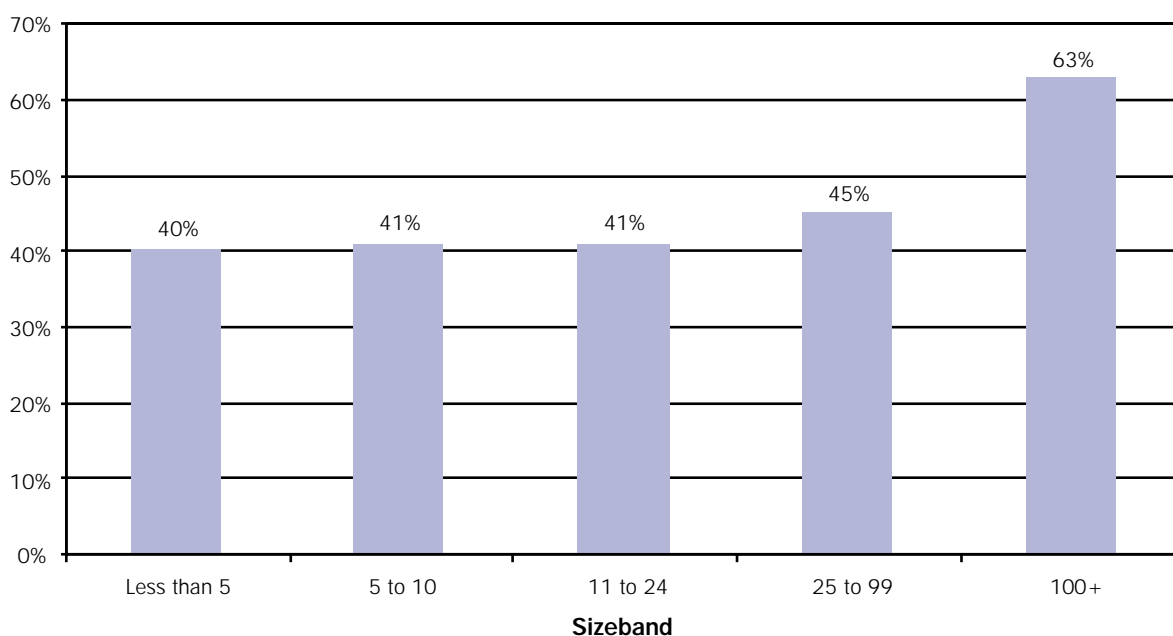
33 ibid

It is interesting to note that IT specific skills do not rate as highly on the future skills agenda as one might expect from the general emphasis on such skills across the whole economy.

Job specific skills however, are said to be more important than ever before.³⁴

The propensity to report an increase in skills needs is directly related to the size of business. While a great proportion of larger clothing & footwear companies have recognised the need for enhanced skills, that recognition is fairly constant across all sizes of companies. Around 40% of all companies clearly foresee the need for increased skill levels in the short-to-medium-term future.

Figure 20 Percentage of firms with skills needs increasing by sizeband



Source: CAPITB Trust Skills Foresight 2000

Textiles

In the textile industry, as with the majority of other sectors, the growing use of technology requires an equal increase in skills from both the existing workforce and from people recruited into the industry.

Up-skilling the current workforce and improving the skills base of new recruits has major implications for training and development plans. According to the report of the People Skills Scoreboard 'the textile industry is still committed to training people from the very basic level through to degree level, but financial reality and the availability of labour will always play a part in the numbers of people recruited'.³⁵

³⁴ CAPITB Trust Skills Foresight 2000

³⁵ People Skills Scoreboard: Clothing, Textiles and Footwear 2000

Footwear

In the footwear industry there is a growing need for existing management and technical specialists to improve their skills base.

Some 64% of managers are currently adjudged by employers in the industry not to have sufficient relevant skills to perform their jobs effectively.³⁶

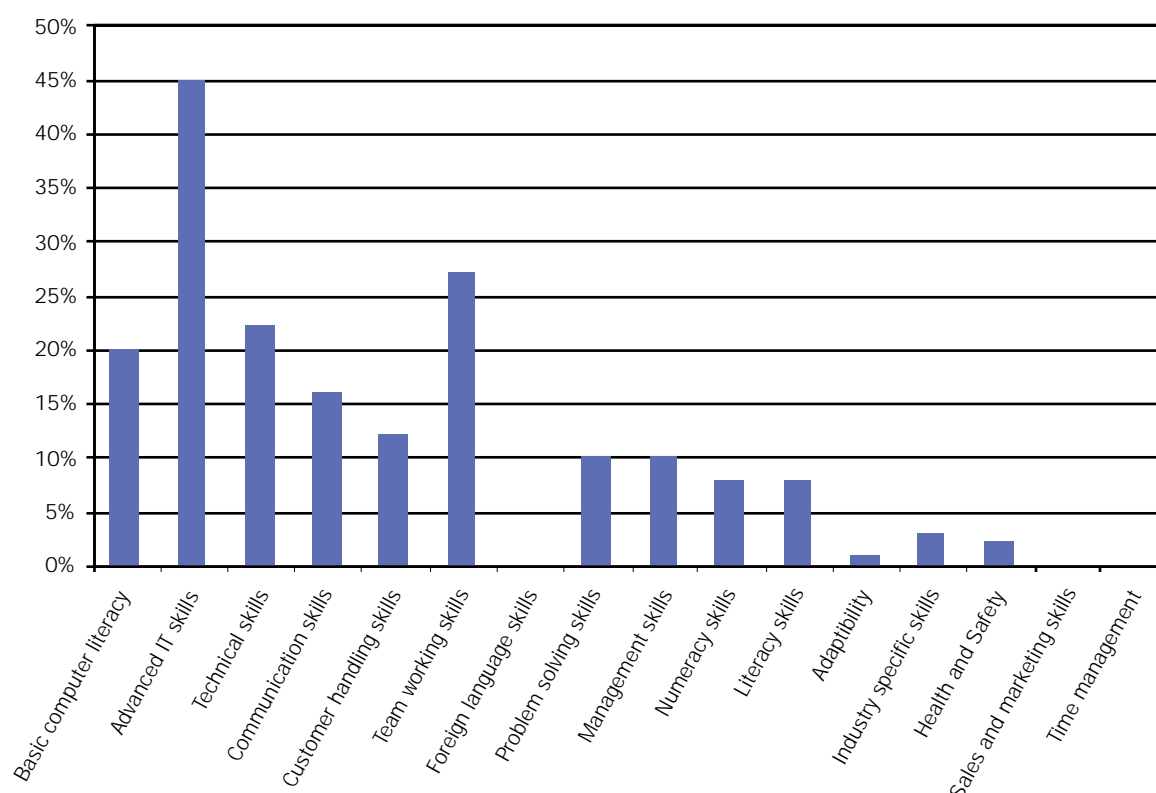
4.6 Future Skills Needs

According to the findings of the Employer Skills Survey 2001, by far the greatest skill requirement will be in Information Technology. This skill need is at the more advanced end of the spectrum, as opposed to the basic computer literacy skills required by almost all employers.

Employers in the clothing and footwear industries are fully aware of the impact that advances in technology will have on their business in the short to medium term. The ESS shows that there are skills gaps within management occupations but does not anticipate many management skills shortages. Employers do not foresee a need for Health and Safety skills to be improved. However, they seem to acknowledge that regular updating of health and safety issues is required as a minimum.

In the textiles industry, the picture is very similar, with advanced IT skills viewed as most important for the future. Employers in this industry see basic IT skills as less important in the future than technical and team working skills. The textiles industry recognises Health and Safety as a requirement, although by less than 5% of employers.

Figure 21 Future skills needs in the Textiles sector (next 2-3 years)



Source: ESS 2001

36 FLNTO Skills Foresight 2001

Table 5 Future Skill Needs

(anticipated needs over next 2-3 yrs)	Clothing and Footwear (%)	Textiles (%)	Furniture, furnishings & interiors (%)
Basic computer literacy	19	20	15
Advanced IT/software	37	45	29
Other technical & practical	20	22	28
Communication	9	16	6
Customer handling	8	12	4
Team working	5	26	8
Foreign language	1	0	1
Problem solving	4	10	8
Managerial	3	10	6
Numeracy	0	8	7
Literacy	0	8	7
Adaptability/flexibility	1	1	8
Industry-specific	5	3	3
Health & safety/hygiene	0	2	0
Sales & marketing	1	0	0
Time management /efficiency	0	0	0
Soft skills	0	0	0
Training skills	0	0	0
Other skills	0	0	0

Source: ESS 2001

NB - percentage totals will not equate to 100% as respondents were allowed more than one choice

Interestingly, CAPITB Trust's survey of over 1000 employers in 2000 shows that skills such as team working, flexibility, training and health and safety were, in fact, perceived as future skills needs in the clothing industry.

4.7 Skills gaps

Skills gaps exist where employers believe that their existing labour force lacks certain skills but which they need to be able to perform their roles to the optimum level.

Skills gaps are an important indicator as they can signal a lack of business efficiency and perhaps future skills shortages.

Part of this problem may be exacerbated by the recruitment of graduates into management positions. These graduates are seen by some employers as lacking required knowledge and experience. At the other end of the spectrum, technical experts who have been promoted into higher-level roles because of their knowledge, require support and often training, to make a successful and effective transition to the management role.

In the footwear industry it is said that many managers 'once worked on the shop floor'.³⁷ The issue of multi-skilling has arisen as a solution, with 36% of companies believing that this will enable their business to survive.

Table 6 Internal skills gaps

(all occupations)	Clothing and Footwear (%)	Textiles (%)	Furniture, furnishings & interiors (%)
Basic computer literacy	26	22	33
Advanced IT/software	24	11	12
Other technical & practical	17	54	30
Communication	36	32	42
Customer handling	26	32	16
Team working	31	13	37
Foreign language	9	8	5
Problem solving	9	29	56
Managerial	17	36	28
Numeracy	4	6	30
Literacy	3	11	20
Sales, marketing, etc	0	0	0
Personal attributes	5	10	7
Time management	0	0	0
Experience	4	0	1
Other	0	6	0

Source: ESS 2001

NB - percentage totals will not equate to 100% rounding as respondents were allowed more than one choice

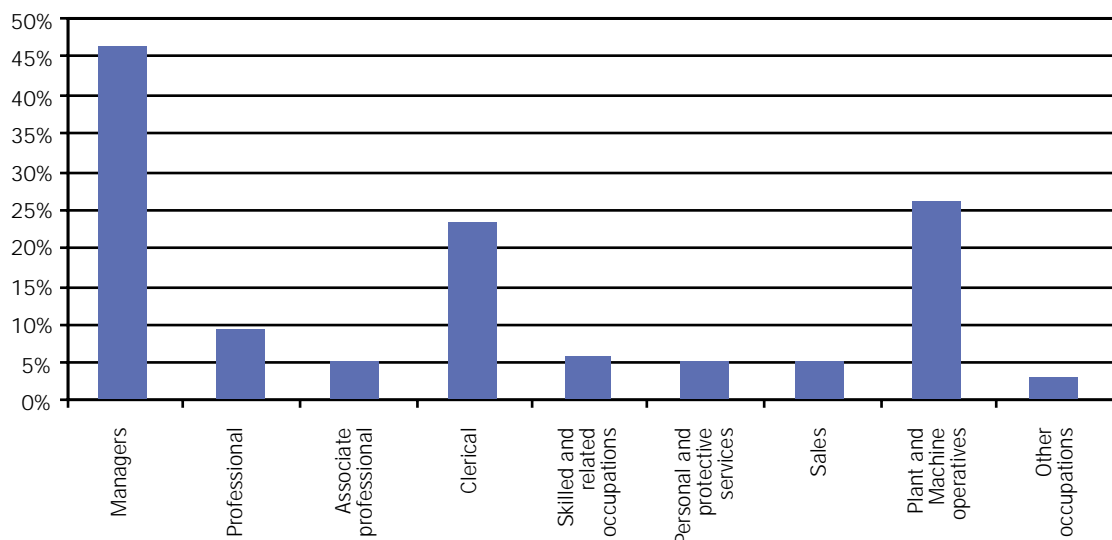
The table above shows quite a varied picture across the three industries, clothing, textiles and footwear. Clothing and footwear employers are concerned about communication skills (36%), whereas for textiles more than half of employers are concerned about technical and other practical skills gaps in their existing workforce. More than half of all furniture employers feel problem-solving is a major skills issue for their workforce.

However, CAPITB Trust's survey, referenced earlier, found that sales and marketing skills in particular, are internal skills gaps in the clothing industry.

In referring to occupations with the declared skills gaps for clothing and footwear industries, the main causes for concern appear to be at two almost diametrically opposed ends of the occupational spectrum.

The chart below shows that almost half of employers believe that their management staff require additional skills, while a further 25% highlight plant operatives as having gaps in their skills portfolios.

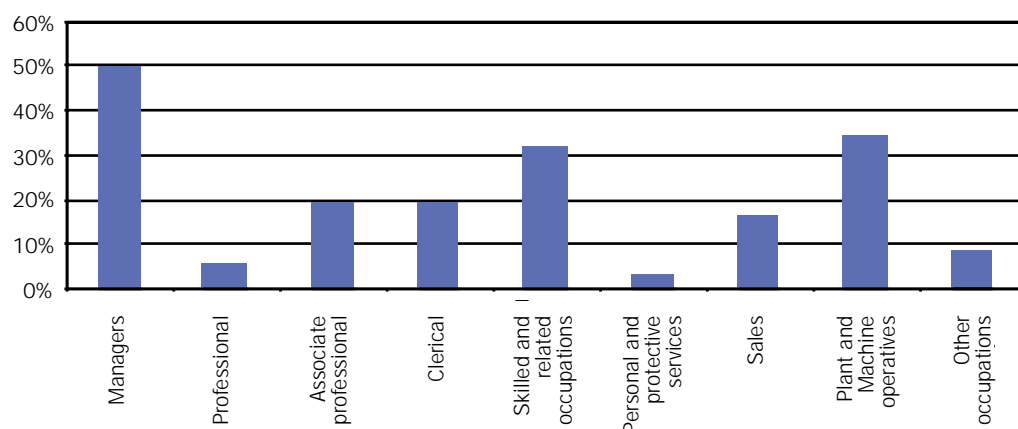
Figure 22 Occupations with skills gaps in the Clothing and Footwear sectors (where over half or fewer staff are fully proficient)



Source: ESS 2001

In the textiles industry, concerns are centred upon both skilled and process-level staff. Around a third of employers believe that these two grades of staff are lacking in required skills.

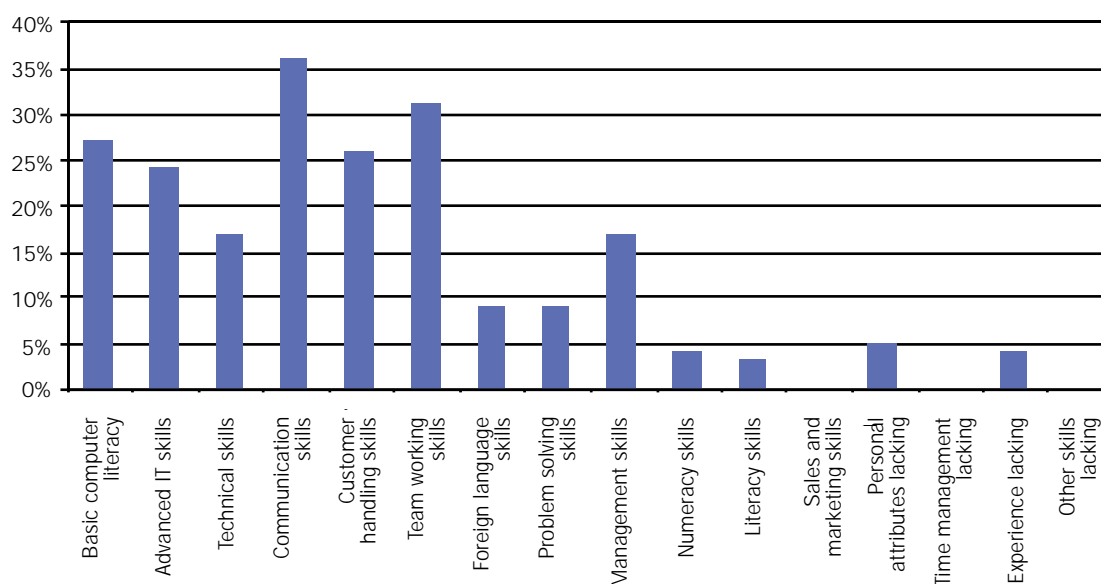
Figure 23 Occupations with skills gaps in the Textiles sector (where over half or fewer staff are fully proficient)



Source: ESS 2001

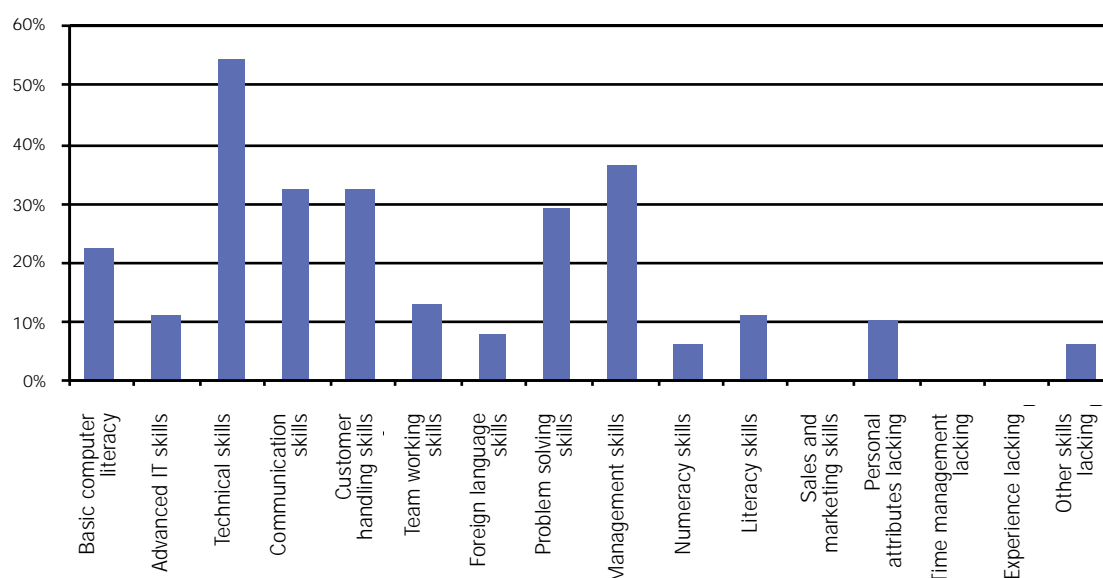
Around a third of employers are concerned with employees' lack of communication and team working skills, while around a quarter mention computer literacy and customer handling as major skills needs.

Figure 24 Skills lacking across all occupations in the Clothing and Footwear sectors



Source: ESS 2001

In the textile industry similar proportions of employers are concerned with the lack of communication and customer handling skills but a much greater proportion mention technical skills as an important requirement in the existing workforce.

Figure 25 Skills lacking across all occupations in the Textile sector

Source: ESS 2001

In terms of identifying perceived barriers to maintaining a fully proficient workforce a number of factors are mentioned. Textiles employers cite the biggest factor being a lack of time for training (55%) and a lack of cover for those who go off on training (51%). The former barrier is one that clothing and footwear employers also agree with, but furniture employers feel more concerned about a lack of funding for training (44%).

Table 7 Barriers to Proficiency

	Clothing and Footwear (%)	Textiles (%)	Furniture, furnishings & interiors (%)
Lack of funding for training	11	42	44
Lack of relevant suitable courses	13	37	21
Lack of suitable courses in locality	11	38	29
Unwillingness of staff	7	40	24
High labour turnover	5	3	7
Lack of time for training	39	55	39
Lack of cover for training	10	51	21
Recruitment difficulties	6	2	2
Low pay	0	0	0
Government red tape	0	0	0

Competition from other employers	0	0	0
Language skills	0	0	0
Other	0	0	0
No barriers	63	47	43

Source: ESS 2001

NB - percentage totals will not equate to 100% as respondents were allowed more than one choice

A worrying factor for the future in terms of the clothing and footwear workforce lacking proficiency is the inability of the workforce to keep up with change.

The textiles industry is concerned about their high staff turnover and their own failure to train and develop staff.

Table 8 Reasons for lack of proficiency

Where half or fewer staff fully proficient - all occupations	Clothing and Footwear (%)	Textiles (%)	Furniture, furnishings & interiors (%)
Failure to train and develop staff	19	26	28
Recruitment problems	4	9	47
High staff turnover	11	26	14
Inability of workforce to keep up with change	29	19	43
Lack of experience/ still under training	7	24	9
Lack of motivation/interest	7	12	12
Lack of proficiency in management	0	1	0
High workload/no time	5	0	0
Hours & pay	0	0	0
Age (too young/too old)	0	2	0
Costs/funds for training	0	0	0
Language	0	0	0
Other	0	0	0

Source: ESS 2001

NB - percentage totals will not equate to 100% as respondents were allowed more than one choice

4.8 Skills shortages

A skills shortage exists when an employer finds it difficult to find people with the skills that are required by the business.

Skills shortages are reported by employers as existing in the following areas:

Clothing & Footwear

- Technical skills - mainly at production operative level (62%)
- Personal attributes (17%)
- Experience (14%)³⁸

Textiles

- Technical skills (83%)
- Customer handling (73%)
- Problem solving (72%)
- Management (63%)³⁹

4.9 Vacancies

An indicator of the state of the labour market in which these industries operate is the number of vacancies that employers have at any one point in time. Worthy of note are those vacancies that are reported as "hard-to-fill".

The Employer Skills Survey 2001 asked employers about the number of vacancies they had in their organisations. The responses varied across sectors. In general the number of vacancies was relatively low with the exception of one or two occupational groups.

The highest numbers of vacancies in the clothing and footwear industries were in the field of production and process operatives.

This was also a fairly significant occupational area for vacancies in the textile industry, although the highest number of vacancies in this sector was reported to be in clerical and secretarial occupations.

Only 27 employers in the clothing and footwear sectors claimed to need managers in comparison to the textile industry who had no vacancies at all for managers.

Hard-to-fill Vacancies

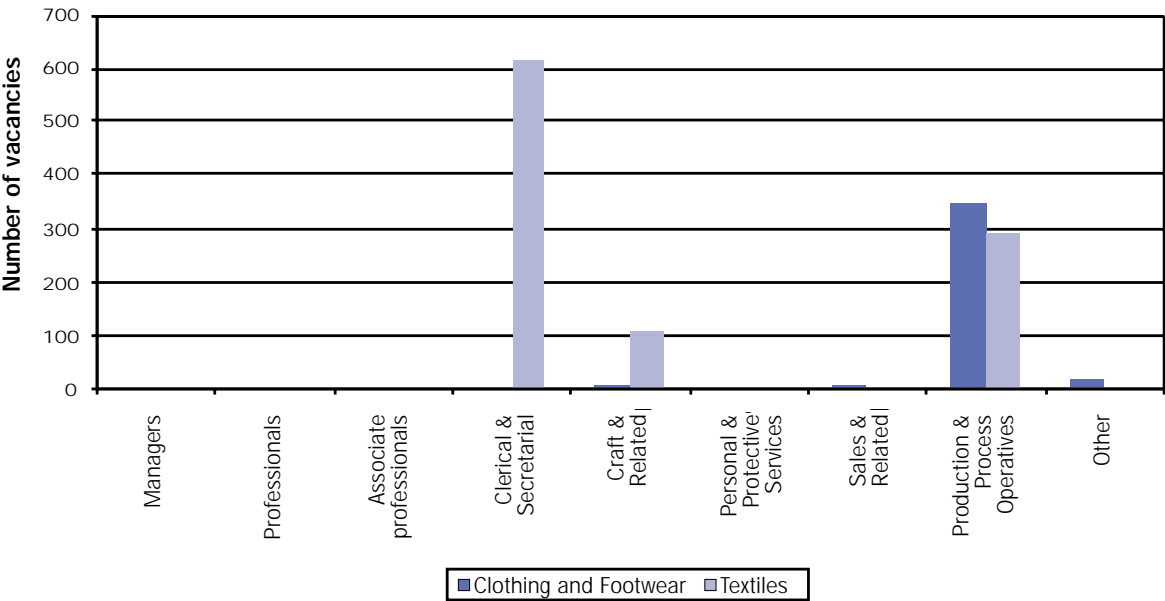
Vacancies can be hard to fill for a number of reasons including low pay, location issues or unsocial working hours. Skills shortage vacancies are those hard to fill vacancies which are skill-related (i.e. due to a lack of people with relevant skills or experience in the external labour market).

Unlike their counterparts in the textile industry, employers in the clothing and footwear industries do not seem to regard vacancies in clerical and secretarial occupations as being hard to fill. The first graph below, illustrates those that are regarded as hard to fill.

The trends in the graph below mirror that of the overall pattern of vacancies, confirming that the hard to fill vacancies reported by employers are largely due to a lack of available skills in the pool of labour from which they are recruiting.

Where craft and related occupations are concerned, employers report the exact same number of skill-related vacancies as those hard to fill vacancies as a whole. Recruitment problems in these occupational groups are therefore due solely to a lack of skilled workers in the available pool.

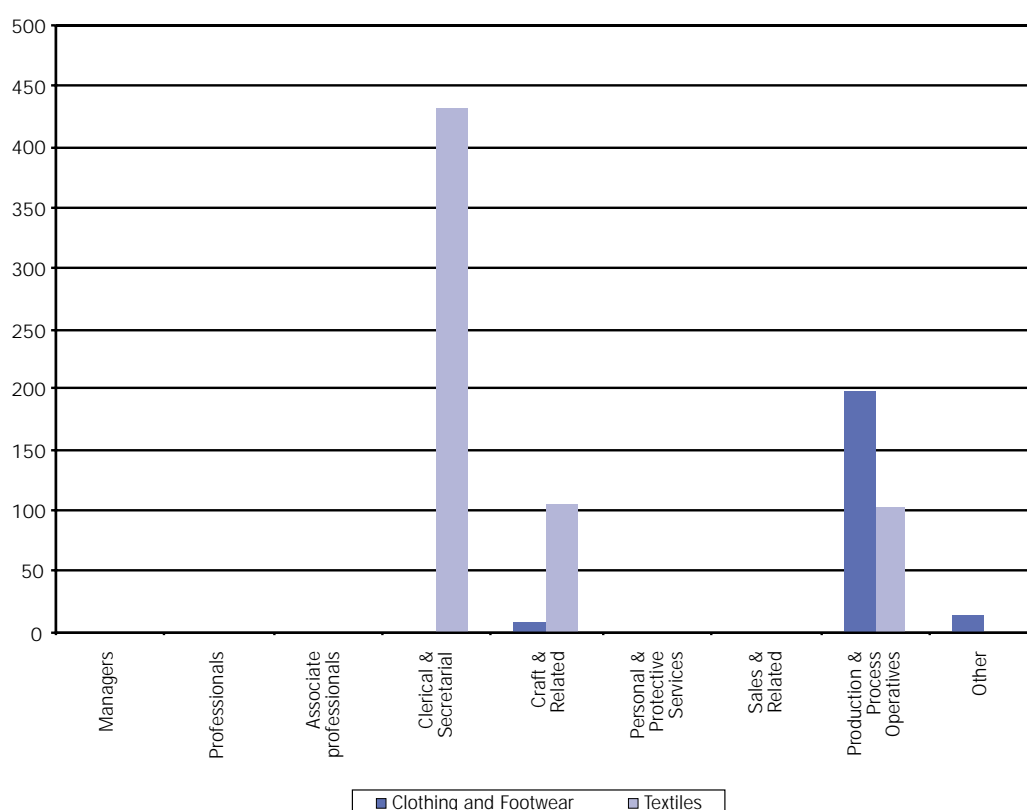
Figure 26 Hard to fill vacancies by occupation in the Clothing, Footwear and Textiles sectors



Source: ESS 2001

It is interesting to note that there are no skill-related vacancies reported by employers across managerial occupations (Figure 25). This would confirm the finding mentioned earlier that skills issues relate to existing managers and are not perceived as an issue relating to the recruitment of new managers into the sector.

Of course, in a SME and micro-business dominated set of industries, it is understandable that demand for new managers would be low.

Figure 27 Skill-related vacancies in the Clothing, Footwear and Textiles sectors

Source: ESS 2001

4.10 The extent and reason for recruitment difficulties

The Employer Skills Survey reported weighted vacancies in both the clothing and textiles industries but illustrated different patterns in each. In the clothing industry 84% of reported vacancies were in production occupations, while 43% of textiles vacancies were in clerical and administrative roles and 29% were in production roles.

Approximately half of all hard-to-fill vacancies were stated to be “skill-related” and some 15% had remained hard to fill for more than 3 months.

Table 9 The extent of recruitment difficulties

	Total Workforce (approx)	Total Vacancies	Vacancies as Proportion of Workforce	Hard-to-fill vacancies	Hard-to-fill vacancies as proportion of all vacancies
Clothing and Footwear	173,000	1318	0.76%	376	28.5%
Textiles	146,000	1508	1.03%	1005	66.6%

Source: ESS; 2001, CAPITB Trust, NTT0, FLNTO Skills Foresight and Sector Workforce Development Plans

Data was obtained for the location of vacancies and hard to fill vacancies for all of the industries for this report but were not disaggregated by industry. The following information has the advantage, therefore, of containing sufficient cases to underpin a good degree of reliability but the disadvantage of not being able to relate directly to any single industry.

Table 10 Vacancies and hard to fill vacancies by region

Region	Vacancies	Hard-to-fill vacancies	Hard-to-fill vacancies as a proportion of all vacancies (%)
East Midlands	821	723	88
Eastern	1407	222	16
London	595	327	56
North East	31	31	100
North West	852	482	57
South East	1533	919	60
South West	339	79	23
West Midlands	908	526	58
Yorkshire & Humber	1031	340	33
TOTALS	7516	3648	48

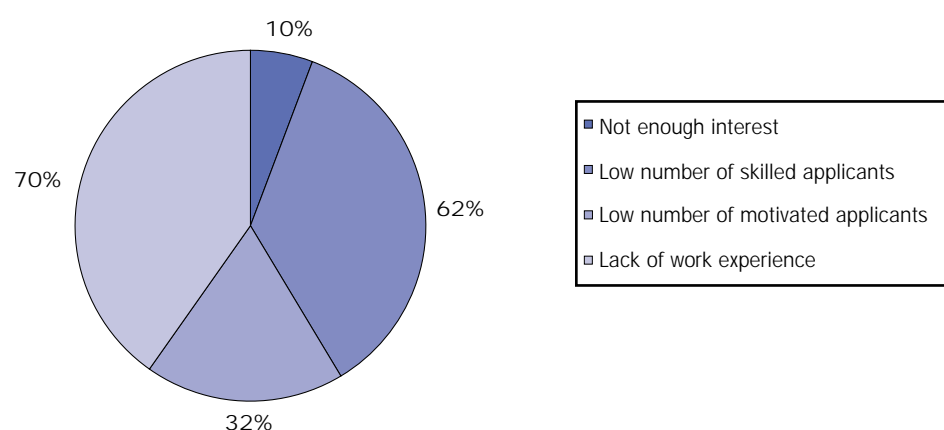
Source: ESS; 2001

Reasons for Recruitment difficulties

Research by the relevant former NTOs has shown that employers find the labour pool from which their applicants are derived tends to lack initial qualifications and experience, and be relatively unmotivated.

As can be seen from the research results presented in the chart below, almost two-thirds of employers believe that they receive too few applications from skilled applicants and 70% highlight a general lack of work experience as a real problem.

Both of these issues represent a serious problem in that they result in a short to medium term need for employers to educate and train new employees in technical and communication skills.

Figure 28 Reasons for Recruitment Difficulties in the Clothing and Footwear sectors

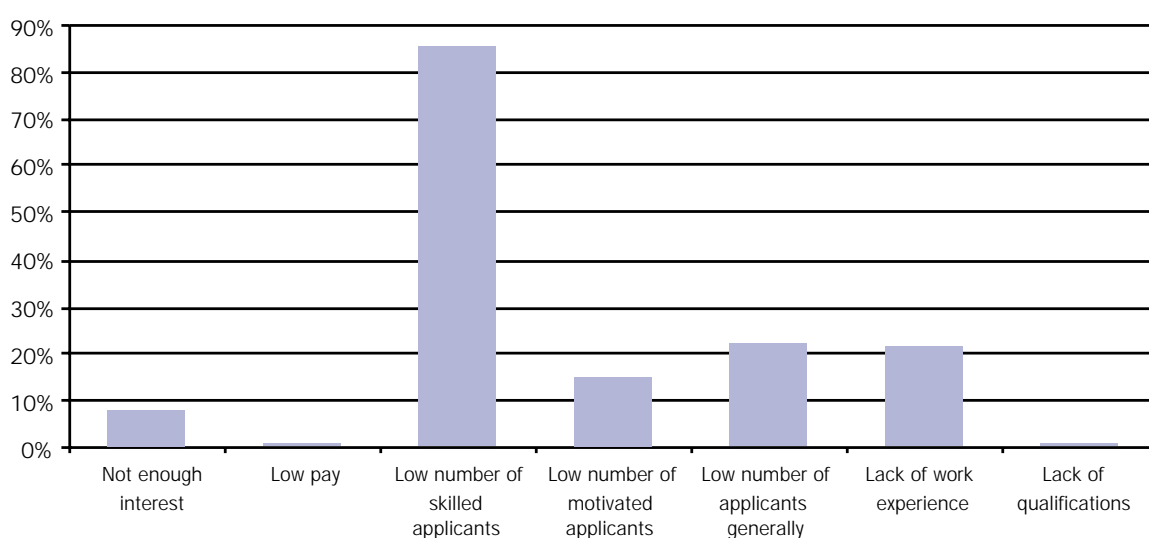
Source: ESS 2001

In the clothing industry:

- ▶ the majority of employers feel that candidates tend to lack the relevant experience to carry out the work;
- ▶ employers also tend to receive applications from those who lack relevant skills, and who, therefore, need to be trained from a very basic position;
- ▶ a lack of skills and experience are more significant barriers to employers than a general lack of interest in the posts available;
- ▶ almost a third of employers report that applicants suffer low motivation.

Employers in the textile industry also cite a lack of skilled applicants as being a major problem, although the research for the Employer Skills Survey shows that they do not place as great an importance on work experience as employers in the clothing industry.

Figure 29 Reasons for Recruitment Difficulties in the Textiles Industry



Source: ESS 2001

In the textile industry:

- ▶ for employers in the textile sector a lack of skilled applicants figures most highly;
- ▶ they are not so concerned with a lack of work experience;
- ▶ low pay appears to have very little impact on recruitment.

A further degree of insight into the recruitment problems of this sector can be gathered from the way in which employers have responded to them. Changes in recruitment practices and increased rates of pay have been paralleled by expansion of training. Over 60% of employers have increased their training programmes as a result of recruitment difficulties. An almost equal proportion of employers have changed their recruitment channels and have had to spend more on the recruitment process.

4.11 Supply of Skills

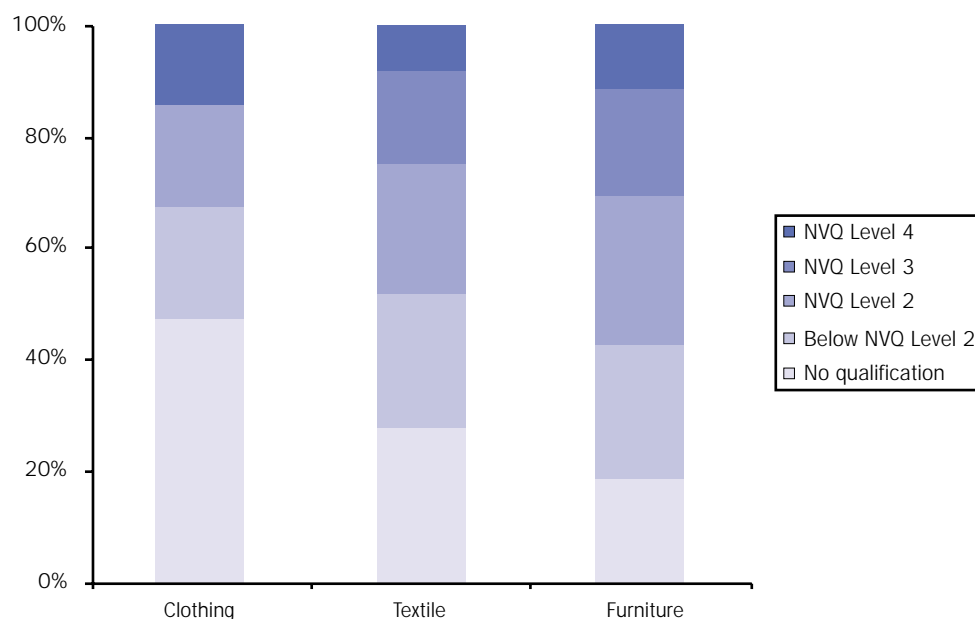
The workforce in clothing and footwear have one of the highest levels without qualifications. At some 42%⁴⁰ without any qualification, this industry is likely being held back if the qualifications held is regarded as a true proxy for skills achievement.

Qualifications of the workforce

The figures below illustrate the relative positions of the sub-sectors under investigation with respect to highest qualifications. These have been assessed through the responses to the Labour Force Survey of Winter 2001. Respondents are asked what the level of their highest qualification is. This is collected in detail - e.g. "O" levels, City & Guilds, First Degree, NVQ level 3, etc. and then collated into the recognised level structure of the national qualifications framework (from 1 to 5).

The first chart illustrates the comparative position of the sub-sectors (Level 5 is not shown because the numbers at this level collected by the LFS are not considered to be statistically reliable).

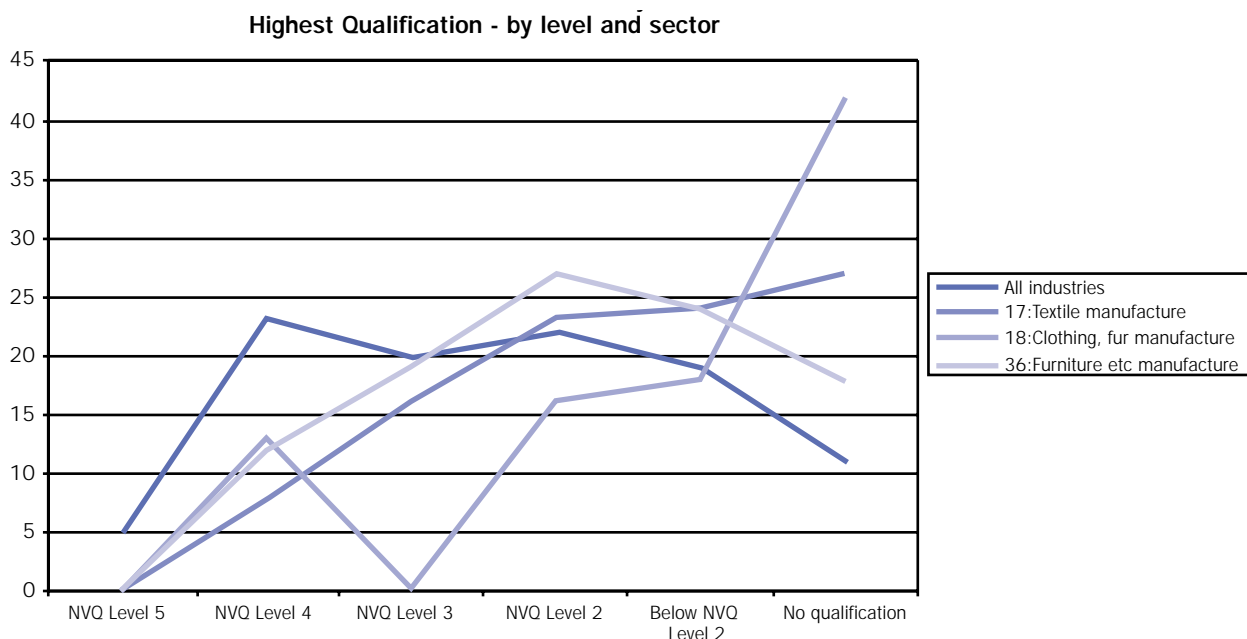
Figure 30 Highest qualification level held by industry sectors



Source: LFS Winter 2001

This figure illustrates the relative positions of the sub-sectors; showing the relatively high proportion of the clothing and textile workforces without qualifications (this, of course, is NOT the same as saying that these proportions lack skills; merely that they possess no formal qualifications).

The next chart shows the comparison between highest qualifications profiles of the sub-sectors with that for the "All industry" profile for the country as a whole.

Figure 31 Highest qualifications of the sectors compared to the national average

Source: LFS Winter 2001

All of the sectors that are the subject of this report have higher-than-average proportions of their workforces without qualifications. Textiles and furniture both have either slightly above or slightly below average proportions of their workforces who have obtained Level 2 or 3 qualifications.

In the case of the clothing industry, Level 3 qualifications relate only to specific job-roles such as supervisors and mechanics/technicians. The numbers of these reported through the LFS were insufficiently robust to be shown in the charts.

4.12 Education and training

The clothing and footwear industry does not, traditionally, use a great deal of off-the-job training. Most training takes place within the company - either in individual tuition or in small groups.

The ESS research showed that 75% of employers reported no off-the-job training (or that they did not know). Some 16% of employers said that up to half of their employees had had some form of off-the-job training in the past year and 9% stated that a higher proportion of their employees had received such training.

The apparent lack of off-the-job training does not mean that no training at all is taking place. This may be linked to such factors as the predominance of small businesses in the sector which have the constraints of time and money preventing them from training their staff using off-the-job methods.

In the textiles sector 18% of employers stated that half or more of their workforce had received off-the-job training, with some 45% of employers providing such training.

As the table, below, illustrates, it is significant that those companies that have skills shortages and skills gaps are more likely to engage their staff in off-the-job training.

While roughly two-thirds to three-quarters of employers - across all sectors and types of companies - do not provide off-the-job training, 64% of employers do so if they have hard-to-fill vacancies.

Table 11 Off-the-job training (%)

Proportion of companies that have arranged off-the-job training for employees in the past year	YES	NO
Clothing and Footwear	25	75
Textiles	35	62
Furniture, furnishings & interiors	31	69
All firms reporting hard-to-fill vacancies	64	35
All firms reporting skills-shortage vacancies	46	54
All reporting skills gaps	30	70

Source: ESS 2001

NB - percentage totals may not equate to 100% due to rounding and exclusion of non-responders/don't knows

Key Messages from Employers

At a series of seminars, employers in the clothing, textiles and footwear sectors made the following points about **skills demands** issues:

- ▶ A major issue for all of the industries is the crucial skill shortage in technical skills
- ▶ In recognition of the ageing workforce issue it should be possible to make of use experienced workers (specialists) in the industry to create a learning delivery programme and use the older workforce to mentor and to create a network of learning opportunities
- ▶ Older employees in the industries may have the relevant skills and experience but many lack management skills. There is great demand for people with a combination of technical and management skills along with 'soft skills', for example, communication and interpersonal skills
- ▶ There is a lack of management skills, which is increasingly becoming a fundamental skills need in the industries
- ▶ Sectors in collaboration with Sector Skills Councils should review qualifications' applicability to the industry in order to specifically address skills deficiency issues
- ▶ Transferable skills are an essential necessity to the industry and should be promoted as part of the need to develop a "learning culture"
- ▶ There is a lack of people with basic and "common sense" ability - particularly emphasised by the Footwear sector
- ▶ Small businesses tend not to have a business plan and should be encouraged to incorporate business planning as part of their training process

Employers in the clothing, textiles and footwear sectors made the following points about **skills supply** issues:

- ▶ A generally poor understanding of the sector in education and careers services leads to a lack of good quality young recruits
- ▶ Manufacturing in general is not understood and therefore not perceived by teachers and careers officers as being sufficiently important
- ▶ This exacerbates the problem and discourages young people from being interested in manufacturing and in these sectors in particular
- ▶ The demise of many larger organisations in the sector has meant less promotional campaigns for the sector and for its careers
- ▶ There is an urgent need to encourage more school visits to both large and small manufacturing organisations in order to attract young people and improve theirs and their teachers' understanding of manufacturing
- ▶ The teaching of craft skills in schools needs to be increased, and one way would be to use the GNVQ/Advanced Vocational Certificate of Education (AVCE) approach to give young people experience of craft skills (a GNVQ in Manufacturing has been piloted successfully in several areas)
- ▶ There is no rationale for regional/size restrictions behind funding allocation (for example limiting to small businesses). There should be fairness and flexibility in funding methodology and distribution as well as funding for all ages (not just for 18-24 year olds). This restriction regarding age-limits is no longer valid in Wales and Scotland and should be removed in England.
- ▶ Funding should focus on the scope to improve productivity - not other arbitrary factors.
- ▶ Employers agree that companies in the sector have not always supported training in the past but that this has not been the case for many years
- ▶ The geographical spread of businesses (for the clothing and furniture sectors) mitigates against the industries in terms of funding and addressing industries' problems (in any given region the industries are seen as not being of major importance)
- ▶ There is a sufficient supply of designers; however, because the industries need to use designers with a balance of commercial and creative skills, many with greater creative skills than commercial skills are often enticed to work for overseas competitors
- ▶ That there is a need for some investment in assessment training due to the low numbers of assessors currently in the industries. A recommendation was made to encourage trainers in the industry by converting 'workers' into trainers and assessors.
- ▶ There should be a greater willingness to fund employers directly to provide training.
- ▶ There is a diminishing number of training providers that cater for the industries because of the low number of young people willing to learn the trade. Additionally, colleges prefer to offer courses that require less resources/equipment, for example IT courses because they generate more income than manufacturing courses
- ▶ There is a pool of labour among young people who are not academically minded but are interested in learning a trade - it is vital for industries to capitalise on this. This, however, requires a change in government policy to encourage certain young people to pursue post-16 qualifications through work-based learning programmes rather than at further or higher education institutions
- ▶ There is a major gap between demand for skills and supply of skills - clearer communication/cooperation between industries, career services, higher education institutions and training providers is required

5. The Demand and Supply for Skills in the Furniture, Furnishings and Interiors Industry

5.1 Key Facts

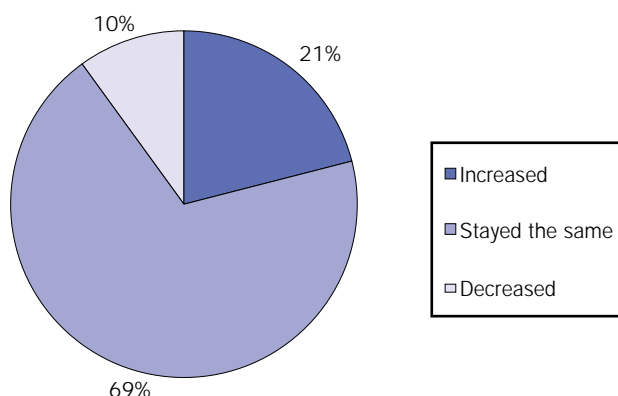
- ▶ Employers are identifying computer and IT skills as important requirements for the future
- ▶ Managers are also pinpointed as needing upskilling
- ▶ There are significant hard-to-fill vacancies in the craft and production areas
- ▶ Employment in the sector is spread fairly evenly across the UK
- ▶ Skill demands will be divided between increased IT and machine skills for the bulk of the industry and a need for further high-level hand skills for the quality furniture producers
- ▶ Around a third of employees in the sector have qualifications that are relevant to their work
- ▶ 47% of managers have relevant qualifications
- ▶ Some 30% of employers provide off-the-job training for their employees
- ▶ The sector is relatively well served with educational and assessment provision

5.2 Employment change in the sector

Employment in this industry appears to be relatively stable. The majority of employers surveyed for the ESS stated that employment levels had stayed the same in the 12 months prior to interview.

While it is always difficult to infer medium term change from such overall data, the fact that 21% of employers in the sector have experienced an increase in employment levels seems to imply that market conditions may be improving and that levels of employment may not decrease as quickly as some of the forecasts state.

Figure 32 Employment change in the Furniture, Furnishings and Interiors sector in the last 12 months



Source: ESS 2001

5.3 Employment in the regions

Table 12 Geographical Spread of the Furniture, Furnishings & Interiors Industry (by numbers of companies)

Country/region	No of Businesses	%
UK	15320	100
England	13098	85
Wales	796	6
Scotland	1142	7
N Ireland	384	3
English Regions	No of Businesses	%
South West	1532	12
South East	2523	19
Eastern	1758	13
East Midlands	1180	9
West Midlands	1284	10
Yorkshire & Humberside	1239	9
North West	1699	13
North East	469	4
London	1414	11
TOTALS	13,098	100

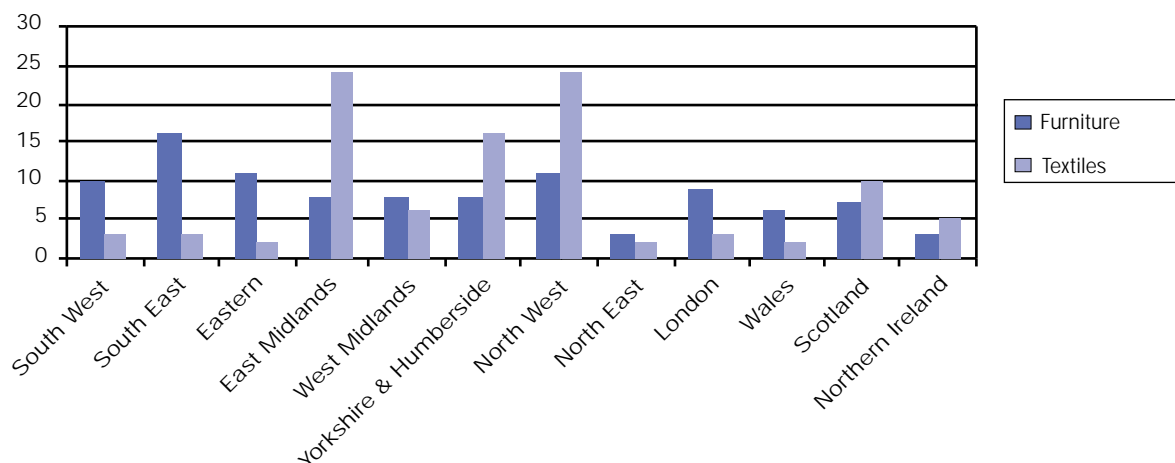
Source: FFINTO Skills Foresight 2002

The data indicates a sector that is fairly evenly spread across the UK - matching fairly closely the spread shown for employment for the "other manufacturing" as drawn from the ESS.

The fact that the clothing and furniture industries are evenly spread across the country could be a barrier to seeking assistance from locally-oriented government agencies, as the significance of the industry is less obvious in comparison with others.

The difference between two of the industries is illustrated in the following graph - a high percentage of furniture industries are based in the South East region, while the highest concentration of textiles industries are found in the East Midlands, Yorkshire and Humberside and the North West.

Figure 33 A Comparison of regional spread between the Furniture and Textiles Industries (%)



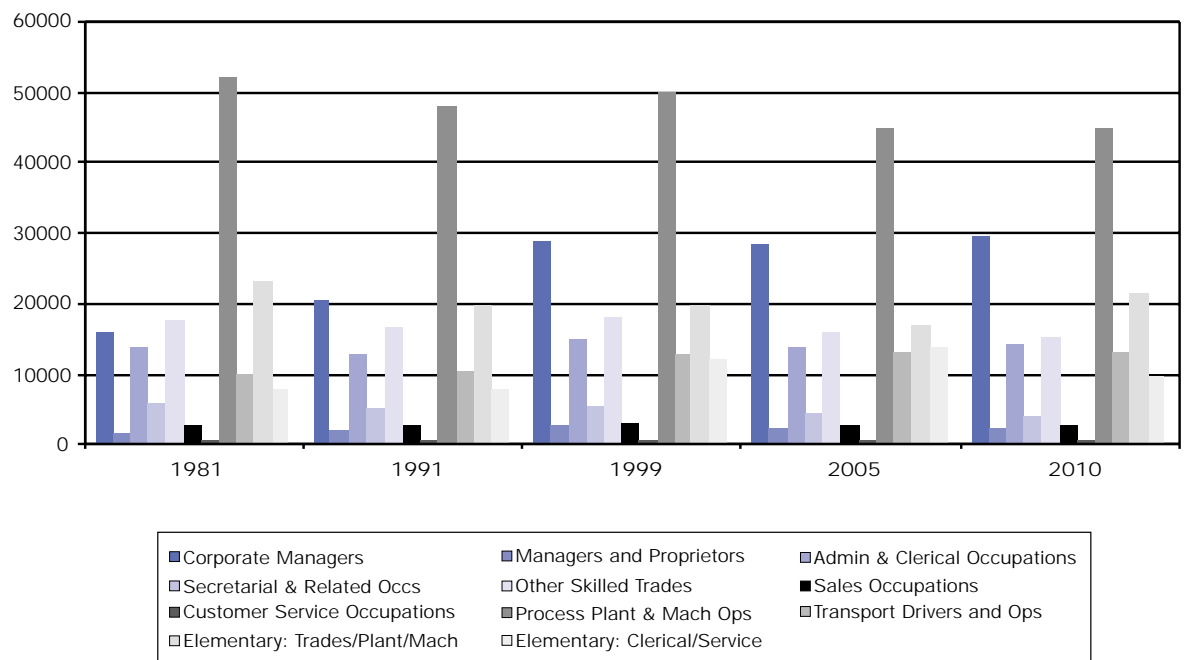
Source: FFINTO Occupational Mapping Report, 2001 and NTTO Skills Foresight, 2001

5.4 Occupational change

Data from the Institute for Employment Research indicates that, within the overall fluctuations which reflect the background changes in employment levels, there have been notable changes in certain occupational groups.

Numbers of plant and machine operators appear to have remained fairly stable and are only forecast to decline by a small amount through to 2010.

One notable trend is the underlying rise in both numbers and proportion, of corporate management. This group of staff rose steadily in number from 1981 and that increase is predicted to continue over the forthcoming ten years.

Figure 34 Occupational change in the Manufacturing industry 1981-2010

Source: IER 2001

Change in the furniture, furnishings and interiors sector is driven by the market and by shifts in balance between domestic and office furniture requirements. Increased sophistication in both markets requires an ongoing shift towards greater design input and a consequent demand for skilled designers.

Marketing and sales staff will also increase in their proportion of the workforce and, in a parallel process, so will the demand for web-literate staff who can progress companies' on-line capabilities. This will not simply be an e-commerce process but will be an entire e-business issue involving different types of staff. Some of these staff will have web-marketing skills while others will need to be skilled in such areas as direct purchasing of materials, just-in-time systems, and the on-line integration of the entire supply chain.

As the sector becomes further polarised between the high-quality and mass market segments it is also likely that demand for hand-craft skills will also stabilise and that the need for highly skilled joiners, cabinet makers and upholsterers will continue to drive the need for specialised Modern Apprenticeships. This latter, according to the research work undertaken by the former NTO, is what the industry wants so that their apprenticeships can relate to individual routes within the overall furniture Modern Apprenticeships framework.

5.5 Skills needed within the sector

As with all manufacturing industries the furniture industry is no exception with regard to the need to work within a more complex and flexible working environment. Research⁴¹ shows that it's believed operational workers in this environment will therefore need:

- a higher level and broader range of job- related skills to accommodate flexible working methods/multi-skilling;
- key skills such as IT, literacy and numeracy to handle the more sophisticated processes;
- traditional craft skills particularly in SMEs;
- skills to upgrade from traditional to more modern production techniques (particularly wood-machining and upholstery).

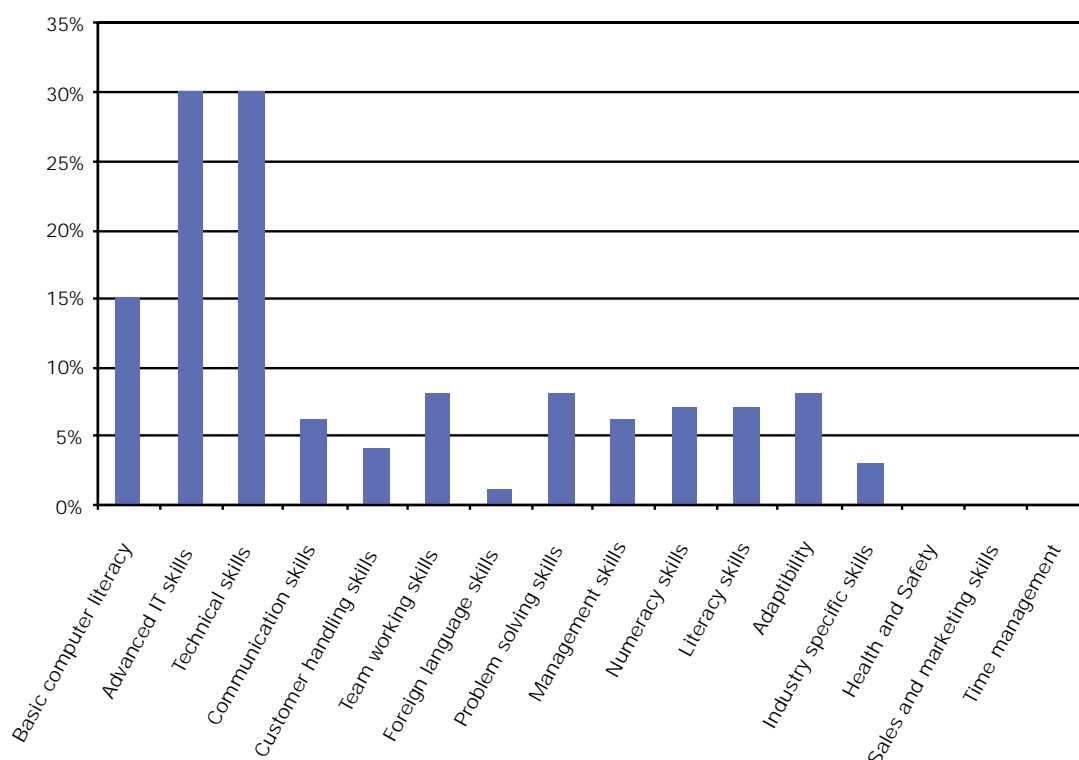
In addition, the skills required for a manufacturing environment are also necessary, for example, team-working, communication, decision-making and problem-solving skills.

The ESS shows that employers in the furniture and associated industries have clearly identified technical and advanced IT skills as being of major importance in their future plans for employee development.

These skills along with basic IT skills are significantly more important to employers than the need for skilled managers or those with industry specific skills. Health and Safety does not factor as a need, nor do sales and marketing skills, but this is probably because these latter skills are regarded as “on-going” and accessible.

5.6 Future Skills Needs

Figure 35 Future skills needs in the Furniture, Furnishings and Interiors industry (next 2-3 years)



Source ESS 2001

41 FFINTO Skills Foresight 2002

Employers in this industry viewed advanced IT and technical skills as most important for the future while basic IT skills were seen as less important (as shown in Figure 35).

According to the Skills Foresight 2002 report the industry as a whole will require the implementation of revised management techniques, personnel and human resource skills and improved organisation and logistics skills.

The sector will expect its managers to have a greater awareness and acceptance of IT systems, and recognise the advantage of websites to the business. From the production workers in the sector, employers will require a higher level and broader range of job-related skills to accommodate flexible working methods.

Both the industry's own Skills Foresight and the results of the ESS seem to underline a fundamental transformation of management thinking towards higher level technical and managerial skills while, at the same time, taking fully into account the need to continue to train skilled and semi-skilled operative staff in the requisite skills areas.

5.7 Skills gaps

Skills gaps exist when an existing workforce has a lower level of skills than is necessary to meet business objectives

Over half of employers state that their managers are lacking skills. This finding from the Employer Skills Survey is reasonably significant. More than half of all companies believe 50% of their management staff are fully proficient for their work. The implication for management training and upskilling is profound.

This finding also matches quite well with the findings of the industry's Workforce Development Plan, which found that 47% of managers possessed work-related qualifications.

The finding also implies that, of the 10,000 managers in the industry, some 53% may have existing and current training needs of varying degrees.

Table 13 Skills Gaps by Occupation

(half or fewer staff fully proficient)	Furniture, furnishings & interiors (%)
Managerial	53
Professional	8
Associate professional	4
Clerical	27
Skilled ⁴²	43
Personal services	1
Sales	12
Plant & machine operatives	20
Other	37

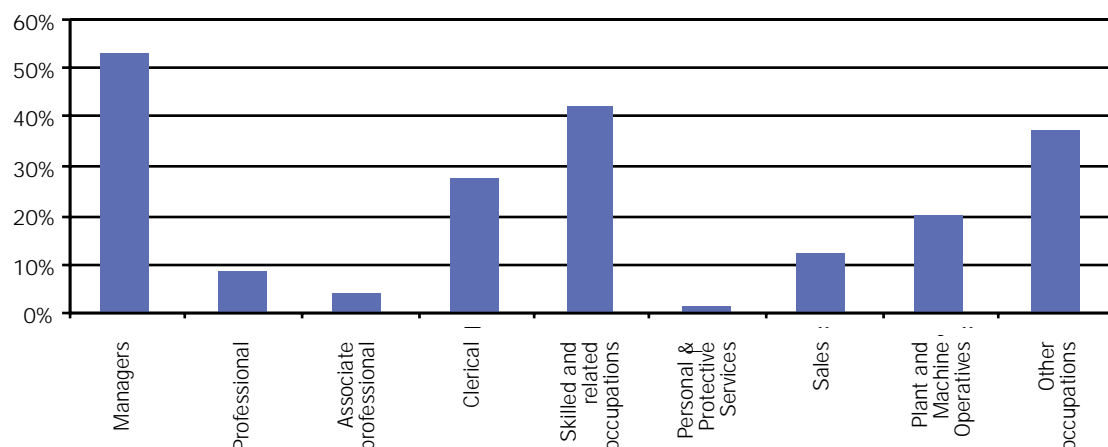
Source: ESS 2001

NB - percentage totals may not equate to 100% as respondents could make more than once choice

⁴² Both 'Skilled and related occupations' and 'Plant & machine operatives' are appropriate categories in these industries and are equally appropriate for furniture manufacture

Of the 80,000 or so production staff in the industry a similar calculation using employer reports to the Skills Survey implies that between 20,000 and 30,000 may have needs for additional training. Again this deduction is strongly supported by the Sector Workforce Development Plan which states that only 23% of production staff have a work-related qualification.

Figure 36 Occupations with skills gaps in the Furniture, Furnishings and Interiors sector (where over half or fewer staff are fully proficient)



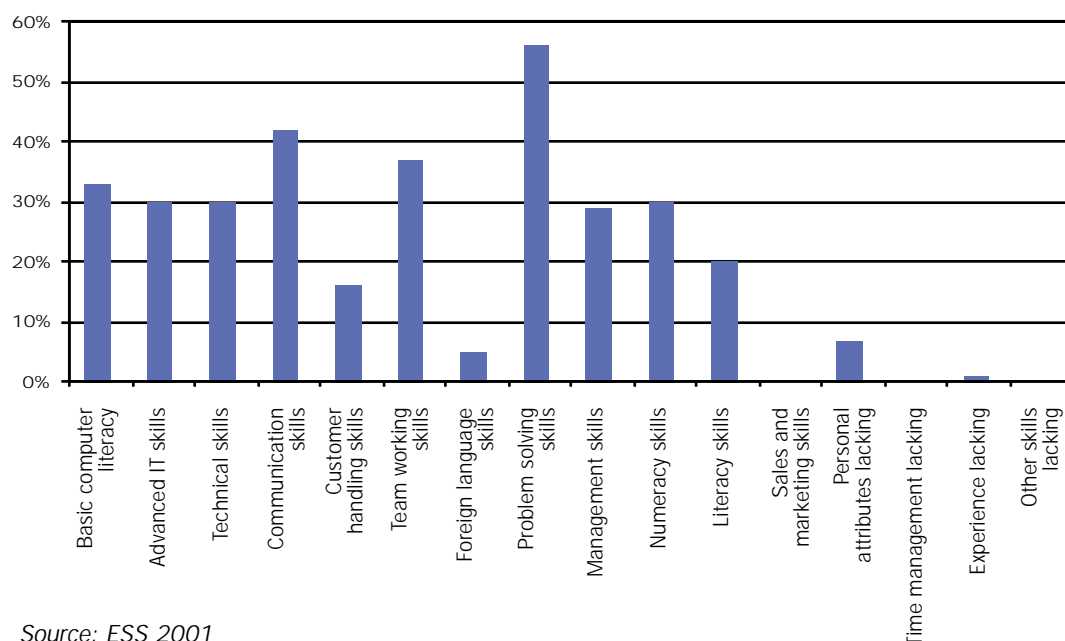
Source : ESS 2001

In the furniture, furnishings and interiors industry more than half of all employers report that they regard problem solving skills as an important internal skills gap.

It may also be significant that other "soft-skills" - communication and team working - also figure highly in employers' concerns.

Equally significant are employer concerns about computer literacy, advanced IT and other technical skills. The Employer Skills Survey identified that around a third of all employers regard these as being internal skills gaps. The implication of these concerns - is that up to about 4,000 companies have some requirement for training in basic computer literacy, advanced IT skills and other (non-specified) technical skills. Even if it could be assumed that only one employee in each company required such upskilling in each of the three areas this would still imply an immediate overall training need for 12,000 person-training events.

Figure 37 Skills lacking across all occupations in the Furniture, Furnishings and Interiors sector



Source: ESS 2001

5.8 Skills shortages

A skills shortage exists when an employer finds it difficult to find people with the skills that are required by the business.

Skills shortages are reported by employers as existing in the following areas:

- ▶ Technical skills (74%)
- ▶ Communication skills (26%)
- ▶ Team working skills (22%)⁴³

5.9 Vacancies

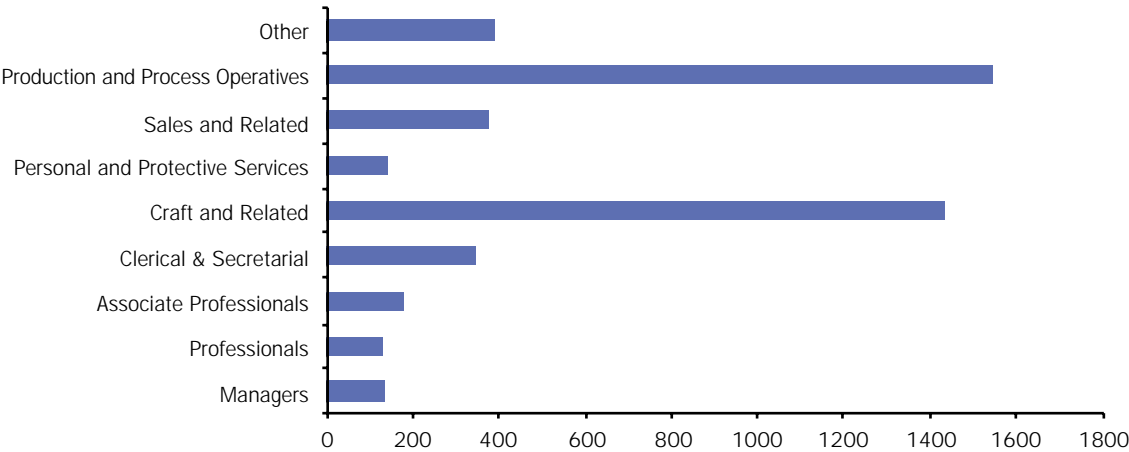
An indicator of the state of the labour market in which these industries operate is the number of vacancies that employers have at any one point in time. Worthy of note are those vacancies that are reported as "hard-to-fill". There is also a further definition which is relevant here. Skills-related vacancies are those hard to fill vacancies where there is a lack of people with relevant skills or experience in the external labour market. Vacancies which might be hard to fill for reasons of low pay or location are not included in the definition of skills-related vacancies.

The Employer Skills Survey 2001 asked employers about the number of vacancies they have in their organisations. Understandably, in a sector with such a relatively high proportion of operative level staff, the main focus for vacancies is on plant and machine operators.

Craft and related occupations are difficult to fill and this would appear to be due to a lack of skilled workers when the types and numbers of skill-related hard-to-fill vacancies are taken into account.

The pattern of skill-related hard-to-fill vacancies emphasises the concerns that employers have voiced over the lack of skilled workers in the labour pool.

Figure 38 Vacancies by occupation in the Furniture, Furnishings and Interiors sector

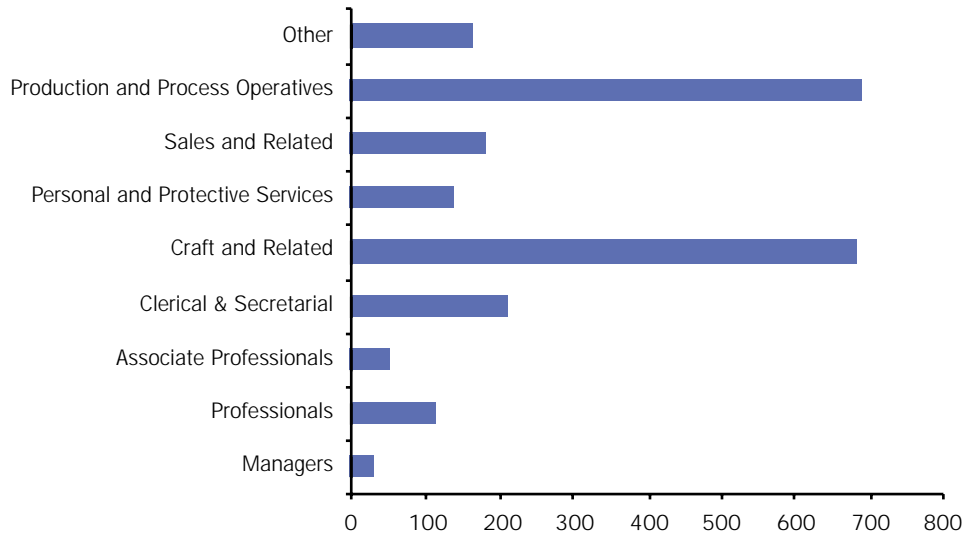


Source: ESS 2001

The trends in the graph below (Figure 39) showing hard-to-fill vacancies mirror that of the overall pattern of vacancies, confirming that the hard to fill vacancies reported by employers are largely due to a lack of available skills in the pool of labour from which they are recruiting.

Where production and process operatives and craft and related occupations are concerned, employers report the exact same number of skill-related hard to fill vacancies as those of hard to fill vacancies as a whole. Recruitment problems in these occupational groups are, therefore, due solely to a lack of skilled workers in the available pool.

Figure 39 Hard to fill vacancies by occupation in the Furniture, Furnishings and Interiors sector



Source: ESS 2001

Figure 40 Skill related hard to fill vacancies by occupation in the Furniture, Furnishings and Interiors sector



Source: ESS 2001

5.10 The extent and reasons for recruitment difficulties

The Employer Skills Survey reported weighted vacancies in the furniture, furnishings and interiors industry. Some 33% of reported vacancies were in production and 31% in craft occupations. A further 10% of vacancies were for managers and professionals (including associate professionals). Clerical vacancies accounted for 7% of the total vacancies in the industry and openings for sales staff a further 9%.

Around a half of all vacancies in this industry are judged to be “hard-to-fill” and approximately half (46%) of all hard-to-fill vacancies are seen as “skill-related”. Some 18% of hard-to-fill vacancies had remained impossible to fill for more than 3 months.

Table 14 Hard to fill Vacancies in the Furniture Industry

	Total Workforce (approx)	Total Vacancies	Vacancies as Proportion of Workforce	Hard-to-fill vacancies	Hard-to-fill vacancies as proportion of all vacancies
Furniture	128,000	4690	3.7%	2267	48.3%

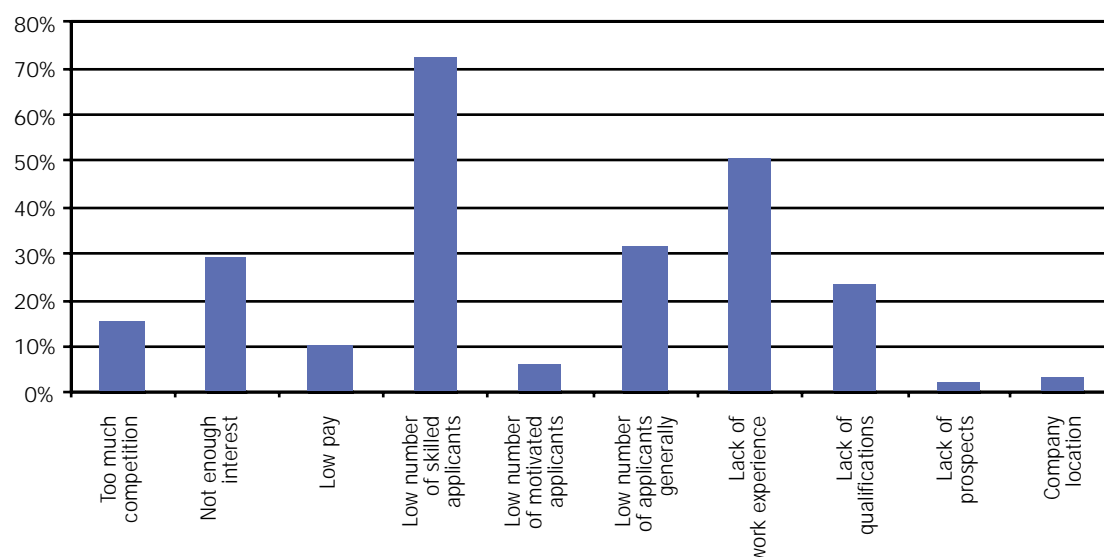
Source: ESS; 2001

The furniture, furnishings and interiors industry regards the lack of applicants who have sufficient skills as its major recruitment problem. Over 70% of employers cite this factor as the reason behind their difficulties in recruiting staff.

Half of employers also point to the lack of experience in applicants as a problem in recruitment.

Almost a third report an overall lack of applicants.

Figure 41 Reasons for recruitment difficulties in the Furniture, Furnishings and Interiors sector



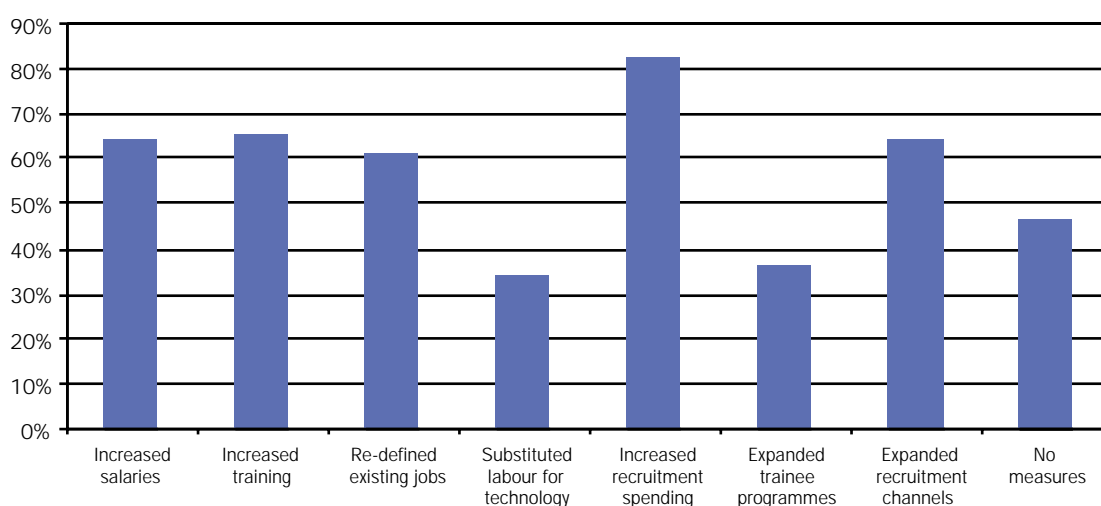
Source: ESS 2001

In response to these problems - and in a similar fashion to the clothing, footwear and textile industries, a large proportion of employers in this industry have increased recruitment spending and altered their recruitment processes

Over 80% of employers have increased spending on recruitment while around two thirds have increased salaries and training and have redefined existing jobs.

It is notable, however, that around 45% of all employers in the industry say that they have taken no action at all.

Figure 42 Employer responses to recruitment difficulties in the Furniture, Furnishings and Interiors sector



Source: ESS 2001

5.11 Skills supply

Qualifications

Approximately 34% of employees in this industry have a nationally-recognised qualification that is relevant to their work-role. Within the industry this ranges from around 37% of specialist staff in such areas as sales and design, to 47% of managers.

Labour Force Survey data shows that, of the workforce in the furniture, furnishings and interiors industry, just under 20% have no qualifications at all. This is significantly lower than the other industries.

However, only 7% of managers in the industry have a related qualification. This is in an industry where small businesses and owner-managers predominate. It is not surprising when considering that many small businesses are set up by someone possessing the relevant handcraft or furniture making expertise, but may not have acquired the necessary managerial skills.

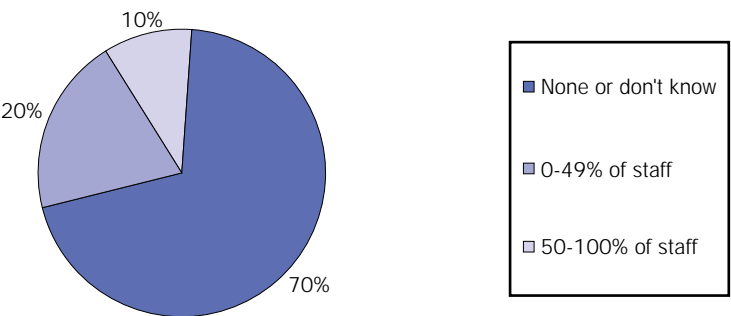
In comparison with national data this figure is very low. According to the Labour Force Survey, around 40% are qualified to Level 4 or higher.⁴⁴ Some 35% of managers have no qualifications or are qualified below NVQ level 3 and around 25% are qualified to Level 3 or equivalent.

Figure 31 (see page 58) demonstrate the comparisons with national averages.

5.12 Education and training

Approximately a third of employers in this sector reported that at least some or all of their employees received off-the-job training. However, it is important to take into consideration that in many cases on-the-job training for updating on new technology and health and safety regulations is usually provided to the more experienced employees (with an old style apprenticeship) but this training is not always recorded.

Figure 43 Participation in off-the-job training



Source: ESS 2001

The sector has a number of industry-specific NVQs and SVQs available to it which have recently been revised to take account of the need to be more flexible and be able to cater for the different types of businesses in the sector.

The sector is theoretically well-served by a relatively large number of educational and assessment centres.

However, there is evidence to suggest that the centres are not always delivering vocational courses. The preference is very often for less resource-intense courses that generate more income on a footage basis. It was recently reported that one college provider of furniture training has recently had to close that particular department because of finance and commercial pressures.

⁴⁴ LFS, 99 as cited in "Managerial Qualifications and Organisational Performance", IER.

Table 15 Educational/Assessment Centres for Furniture, Furnishings and Interiors

Type/Level	UK Total Number
NVQ/SVQ Centres	173
Vocational Qualification Centres	90
Design	178
HNC/HND	26
University	23
Foundation Modern Apprenticeships	140
Advanced Modern Apprenticeships	71

Source: FFINTO Skills Foresight, 2002

Key Messages from Employers

At a series of seminars, employers in the furniture sector made the following points about **skills demand**:

- ▶ Young people display a lack of interest in manufacturing and in this sector, which maybe partly due to the lack of understanding by teachers and careers advisers
- ▶ The geographical spread of furniture businesses mitigates against the industry in terms of funding and addressing its problems (in any given region the industry is seen as not being of major importance)
- ▶ There will be a growing demand for craft skills for the smaller niche market companies in coming years
- ▶ Manufacturing in general is not perceived by teachers and careers officers as being sufficiently important
- ▶ Craft skills (e.g. upholstery) are crucial skills for the industry and are not being taught to sufficient depth or in sufficient volume. The skills shortage for upholstery is predicted to get even worse leading to poaching within the industry.
- ▶ The diverse nature of the kitchen-specialist sub-sector necessitates a training provision that encompasses the industry's skills needs; there is also a shortage of 'fitters'

Employers in the furniture sector made the following points about **skills supply**:

- ▶ New entrants training in the furniture industry lack basic practical skills - there has been a very marked decrease in overall individual skills levels in such recruits particularly in the use of even basic hand tools/equipment
- ▶ It is important that sufficient time and funding is allocated for Modern Apprenticeship.

- ▶ There is no rationale for regional/size restrictions behind funding allocation (for example limiting to small businesses). There should be fairness and flexibility in funding methodology and distribution as well as funding for all ages not just for 18-24 year olds. This restriction regarding age-limits is no longer valid in Wales and Scotland. Funding should focus on the scope to improve productivity - not other arbitrary factors.
- ▶ That small businesses in the furniture sector - particularly small specialist manufacturers - can provide work-based training through (regional) clusters and cooperatives
- ▶ There is a diminishing number of training providers that cater for the industries because of the low number of young people willing to learn the trade. Additionally, colleges prefer to offer courses that require less resources/equipment, for example IT courses, because they attract more students than manufacturing courses. These chosen courses mean less overhead costs as well as reduced health and safety requirements
- ▶ There is a pool of labour among young people who are not academically minded but are interested in learning a trade - it is vital for industries to capitalise on this. This, however, requires a change in government policy to encourage certain young people to pursue post-16 qualifications through work-based learning programmes
- ▶ Older people may have the relevant technical skills and experience but many lack management skills. There is great demand for people with a combination of technical and management skills and those with 'soft skills' for example communication and interpersonal skills
- ▶ There is an urgent need to encourage more school visits to both large and small manufacturing organisations in order to attract young people and improve theirs and their teachers' understanding of manufacturing
- ▶ In view of the concern over the ageing workforce and the need to retain technical skills within the industry, support for older workers, to acquire training and mentoring skills would be of an enormous benefit. This would be particularly relevant for smaller businesses

6. A Summary of Skills Issues for all industries

6.1 Key facts

- ▶ These industries are experiencing the final stages of a transition from 100% UK production to a mix of UK and overseas production which implies significant changes to their skills-mix
- ▶ Half of all hard-to-fill vacancies in these industries are “skills related”
- ▶ Overall skills deficiencies in applicants are exacerbated by lack of experience and of basic skills
- ▶ These problems are having significant effects on business in terms of customer service, new products, sales, and the introduction of new working practices.
- ▶ Within the existing workforce skills gaps have been identified particularly at management levels, for clerical, craft and plant & machine operatives.
- ▶ Soft skills and technical and IT-related skills are in equal demand
- ▶ Recruitment and skills problems are responsible for business problems which include meeting customers’ service objectives, increased operating costs, and delays in developing new products

Workforce Demographics

As the demographic profile changes, labour and skills shortages will become more common. The growing number of older people of working age will provide a major reservoir of skills and experience for employers.

Strategies that retain older people in the workforce will help fill the gap left as the number of younger people declines. There are also opportunities to raise the level of employment of women and members of ethnic minorities.

Employers report even now seeing greater employee expectations of benefits including training and qualifications, career paths and progression possibilities. Young people today know that they can expect to receive the minimum of an apprenticeship from which they will gain at least one vocational qualification.

Basic Skills

As many as seven million adults of working age in England cannot read or write as well as an average 11 year old. One in five cannot look up an entry in Yellow Pages or read instructions on a medicine bottle. The implications are great for manufacturers who require their production operatives to not only read and understand Health and Safety notices, environmental notices etc. but to read and understand instructions regarding machine maintenance and operation.

The Government is clearly aware of the problem with adults seeking work lacking basic literacy and numeracy skills. In the DfES document “Skills For Life”⁴⁵ it states that the Government believes that tackling **poor basic skills among adults** is a key priority. It wishes to engage those working in this area in developing its strategy. Action is being planned. In the meantime the Government recognises that it is a particular problem for workers in production and process type jobs.

⁴⁵ Skills for Life, The National Strategy for improving adult literacy and numeracy skills, a statement by David Blunkett- the former secretary of state for Education and Employment.

Workforce Gender Balance

According to a report produced for the DfES - "Projections of Occupations and Qualifications: 1999/2000"⁴⁶ (in support of the National Skills Task Force), between 1998 and 2009 the total level of employment in the UK labour market is projected to see an increase of about 2.3 million jobs.

The increase is expected to favour female employment opportunities much more strongly than male. The furniture industry currently employs more males than females, a tradition that may need to change.

The activity rate of those of working age (16 to 65 - males, 16 to 60 females) will be higher in future (predicted to be over 80 % of the working age population). This is partially accounted for by the rising participation of women in the formal economy.

6.2 The implications of recruitment difficulties

All problems that employers experience in recruiting the appropriate numbers and quality of staff have direct implications for their businesses and just some of those impacts are:

in the clothing & footwear industry

- ◉ Difficulties in meeting customer service objectives (68%)
- ◉ Delays in developing new products (59%)
- ◉ Loss of orders (56%)
- ◉ Increased operating costs (56%)⁴⁷

in the textiles industry

- ◉ Delays in developing new products (93%)
- ◉ Loss of orders (89%)
- ◉ Difficulties in introducing new working practices (77%)
- ◉ Difficulties in meeting customer service objectives (76%)⁴⁸

in the furniture industry

- ◉ Difficulties in meeting customer orders (56%)
- ◉ Delays in developing new products (63%)
- ◉ Increased operating costs (66%)⁴⁹

These implications are not sustainable long term.

The conclusions and recommendations for this Dialogue are conveyed in the form of Key Messages and are located at the end of the Executive Summary.

⁴⁶ The Institute for Employment Research (IER) in collaboration with Cambridge Econometrics (CE) produced in support of the National Skills Task Force.

⁴⁷ Source: ESS 2001

⁴⁸ ibid

⁴⁹ ibid

Annexes

1 - Sector & Occupational Definitions

The Clothing, Textiles, Footwear and Leather, and Furniture, Furnishings and Interiors Skills Dialogue

Sector Definitions

The accuracy of skills analysis in the UK depends to a very great extent on the degree to which it is possible to define the sectors to be analysed.

From a sectoral point of view this rests on a single classificatory system - the Standard Industrial Classification 1992 (SIC92) - which categorises economic activity into 9 overall types. These types were constructed to mirror the economic progression from primary industries (agriculture, mining, etc.), through secondary activities (manufacturing and utilities), to tertiary service sectors including the public services.

As with any taxonomy, the SIC system cannot be a completely accurate representation of the complexities of the real world. Certain industrial and commercial sectors have direct representation within the SIC92 system while others are split across several different sub-divisions.

In the case of the current analysis, the clothing and footwear industries are represented fairly accurately by SIC sub-divisions 18 (18.1, 18.2 and 18.3) and parts of 19 (19.3, 19.10 and 19.20). Similarly textiles fall fairly closely within division 17. Even within these classifications however, there are small analytical traps. Certain classifications for footwear and leather cover activities which are increasingly making use of artificial materials and which have little to do with either leather or footwear. A further, detailed sub-division of 17 (textiles) is clearly related to soft-furnishing fabrics which, for the purposes of this report, are being treated separately.

Furniture, furnishings and interiors fall fairly clearly under a sub-division of the "other manufacturing" classification - 36.1 manufacture of furniture. Aspects of divisions 20 (wood products) are also relevant as are other areas with which the sector overlaps;

33.10	manufacture of medical and surgical equipment and orthopaedic appliances (e.g. dentist chairs, beds etc)
34.203	manufacture of caravans (Interior Furniture)
51.64	wholesale of office machinery and equipment (Office Furniture Assembly)
52.74	repair not elsewhere classified (restoration & repair of furniture)
74.842	speciality design activities

Occupational Definitions

The analysis for this report also makes use of a further classificatory system - the Standard Occupational Classification (SOC2000) - which categorises occupations under a variety of headings ranging broadly from managerial and professional to unskilled.

While many of these headings cover occupations which contribute to all industrial and commercial sectors (e.g. management), many of the SOC's main codes apply to sector-specific occupations (e.g. textile workers, sewing machinists, etc.). Where this is the case it is possible to make use of these codes to examine the subject industries more closely.

Sector-specific SOC codes

SOC 2000 has 9 Major codes; 25 sub-major codes and numerous minor and unit codes (4 digit).

At the latter level it is possible to identify a number of classifications that relate directly to the subject industries from the following Major Groups - Major Group 5 - Skilled Trades Occupations; and Major Group 8 - Process Plant & Machine Operatives

Relating to Clothing	
5414	Tailors & dressmakers
8136	Clothing cutters
8137	Sewing machinists
Relating to Textiles	
5411	Weavers and knitters
5419	Textiles, garments & related trades
8113	Textiles process operatives
Relating to Footwear	
5413	Leather & related
Relating to Furniture etc	
5412	Upholsterers
5492	Furniture makers & craft woodmakers
8121	Paper & Wood machine operators

2 - Methodology

The methodology provided a clear framework in order to deliver the objectives of the project and to ensure that the process incorporated the input from the NTOs/SSCs in the sectors, employers and data from DfES, including other key partners.

The majority of the work undertaken has generally followed a similar process to other dialogues. The key aspects include:

- ▶ Desk research.
- ▶ Consultation process.

Desk research

The desk research entailed gathering all existing and up-to-date information from a number of organisations including:

NTO research data such as:

- ▶ Labour Market Information.
- ▶ Skills Foresight.
- ▶ Sector Targets.
- ▶ Skills benchmarking.
- ▶ Occupational mapping and skills work for standards development.

DfES sponsored research such as:

- ▶ The Employers Skills Survey 2001 which contributes information to the Extent and Causes and Implications of Skills Deficiencies (ECISD).
- ▶ Projections of Occupations and Qualifications data.
- ▶ Skillsbase.

Other existing evidence was obtained from reports produced for the sectors and for all the NTOs including data from the Labour Force Survey, Skills Needs in Britain and the Skills and Enterprise Network.

The research focused on the following issues pertinent to all four sectors:

- ▶ demand for skills;
- ▶ employment trends;
- ▶ recruitment difficulties;
- ▶ new technology;
- ▶ market change;
- ▶ change and development in qualifications;
- ▶ adequacy of current learning provision;
- ▶ regional impacts;
- ▶ impact of skill on competitiveness;
- ▶ economic pressures;
- ▶ skills supply;
- ▶ skills needs;
- ▶ current skills issues.

Consultation process

The consultation process ensured that the relevant skills issues that are vital to the sectors were presented in the Dialogue. The process for the Dialogue comprised of:

- ▶ meetings with the steering groups with representatives from NTOs from the sectors, employers, Learning and Skills Council, Qualifications Curriculum Authority, the Department for Education and Skills and the Department for Trade and Industry;
- ▶ regional seminars with employers, the representatives mentioned above including other interested parties such as Connexion/Prospect, Trades Unions, Further and Higher Education organisations;
- ▶ in-depth telephone interviews with employers and trade associations including face-to-face interview with NTO Chief Executives.

3 - References & Data Sources

Bosworth D, Davies R, Hogarth T, Wilson R, Shury J	Employers Skill Survey Statistical Report, IER, 2000
British Apparel & Textile Confederation	National Strategy for the UK Textile & Clothing Industry; DTI, June 2000
Hogarth T, Bosworth D, Wilson R, Shury J	The extent, causes and implications of skills deficiencies, IER, 2000
Cambridge Econometrics	Analysis and Forecasts to the Year 2010 for the British Economy, 2000
CAPITB Trust	Sector Workforce Development Plan for the UK Clothing Industry 2001-2005; March 2001
	Interim Review - Workforce Development Plan; 2002
	Skills Foresight for the Clothing Industry; February 2001
DTI	People Skills Scoreboard- Clothing, Textiles & Footwear; 1999
FFINTO	Occupational & Functional Mapping for the Furniture, Furnishings and Interiors Industry; January 2000
	International Benchmarking Exercise; August 2001
	Sector Workforce Development Plan, 2002
	Vocational Standards International Benchmarking Exercise, August 2001
	Skills Foresight for the Furniture, Furnishings and Interiors Sector, (Final Draft) March 2002
FLNTO	Workforce Development Plan (for footwear manufacturing, Leather Production, Leather Goods, and Shoe Repair)
Institute of Employment Research	Skills Dialogue Datapack, Projections of Occupations and Qualifications, IER, 2002
	Skills Dialogue Datapack, Extent, causes and implications of skill deficiencies, IER, 2002
	Managerial Qualifications and Organisational Performance: An analysis of ESS 1999
Investors in People	Sector Penetrations Report, 2000
Labour Force Survey	Winter 2001
NTTO	Sector Workforce Development Plan; 2001

4 - Glossary

ABI	Annual Business Inquiry
AVCE	Advanced Vocational Certificate of Education
CAPITB Trust	National Training Organisation for the Clothing Industry
CE	Cambridge Econometrics
DfES	Department for Education and Skills
ECISD	Extent and Causes and Implications of Skills Deficiencies
ESS	Employer Skills Survey
FE	Further Education
FFINTO	Furniture and Furnishings Interiors National Training Organisation
FLNTO	Footwear and Leather National Training Organisation
GDP	Gross Domestic Product
GNVQ	General National Vocational Qualification
HE	Higher Education
IER	Institute for Employment Research
LFS	Labour Force Survey
LSC	Learning and Skills Council
NTO	National Training Organisation
NTTO	National Textile Training Organisation
QCA	Qualifications and Curriculum Authority
RDA	Regional Development Agency
SIC	Standard Industrial Classification
SOC	Standard Occupational Classification
SME	Small and Medium Sized Enterprises
SSC	Sector Skills Council
SVQ	Scottish Vocational Qualification
TA	Trade Association
TU	Trade Union

Copies of this publication can be obtained from:

DfES Publications
PO Box 5050
Sherwood Park
Annesley
Nottingham
NG15 0DJ

Tel: **0845 60 222 60**
Fax: **0845 60 333 60**
Text phone: **0845 60 555 60**
Email: **dfes@prolog.uk.com**

Please quote ref: **SD12**
This publication is also on the internet at
www.dfes.gov.uk/skillsdialoguereports
www.skillsbase.dfes.gov.uk

© Crown copyright 2002

Produced by the Department for Education and Skills

ISBN: 1 84185 757 2
Extracts from this document may be reproduced for non-commercial
education or training purposes on condition that the source is acknowledged.

department for
education and skills
creating opportunity, releasing potential, achieving excellence

